

ORIGINAL



0000075672

32D

COMMISSIONERS

RECEIVED

Mike Gleason, Chairman
William A. Mundell
Jeff Hatch-Miller
Kristin K. Mayes
Gary Pierce

2007 AUG -3 P 4:40

AZ CORP COMMISSION
DOCKET CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

ARIZONA WATER COMPANY, an Arizona
corporation,

Complainant,

vs.

GLOBAL WATER RESOURCES, LLC, a
foreign limited liability company; GLOBAL
WATER RESOURCES, INC., a Delaware
corporation; GLOBAL WATER
MANAGEMENT, LLC, a foreign limited
liability company; SANTA CRUZ WATER
COMPANY, LLC, an Arizona limited liability
corporation; PALO VERDE UTILITIES
COMPANY, LLC, an Arizona limited liability
corporation; GLOBAL WATER - SANTA
CRUZ WATER COMPANY, an Arizona
corporation; GLOBAL WATER - PALO
VERDE UTILITIES COMPANY, an Arizona
corporation; JOHN AND JANE DOES 1-20;
ABC ENTITIES I - XX,

Respondents.

DOCKET NOS.

W-01445A-06-0200

SW-20445A-06-0200

W-20446A-06-0200

W-03576A-06-0200

SW-03575A-06-0200

Arizona Corporation Commission
DOCKETED

AUG 03 2007

DOCKETED BY	nr
-------------	----

PRE-FILED DIRECT TESTIMONY OF WILLIAM M. GARFIELD

**ON BEHALF OF ARIZONA WATER COMPANY
AUGUST 3, 2007**

Bryan Cave LLP
Two North Central Avenue, Suite 2200
Phoenix, Arizona 85004-4406
(602) 364-7000

1
2 **Q. What are your name, employer and occupation?**

3
4 A. My name is William M. Garfield. I am employed by Arizona Water Company as
5 President.

6 **Q. Please describe your work experience, educational background and professional**
7 **affiliations.**

8
9 A. Since my initial employment with the Arizona Water Company in February 1984, I
10 have held the positions of Engineer, Senior Engineer, Operations Manager, Vice President
11 of Operations, and I currently hold the position of President, which I have held since July
12 18, 2003.

13 I completed my undergraduate work at Southern Illinois University at Carbondale and
14 received a Bachelor of Science degree with honors in Thermal and Environmental
15 Engineering. I have taken post-graduate course work at Arizona State University in Civil
16 Engineering, including coursework in hydrology, water and wastewater treatment and
17 statistics. I am a member of Tau Beta Pi, a national honorary engineering society.

18
19 I am a member of the American Water Works Association, the Arizona Water and Pollution
20 Control Association and serve on the American Water Works Association's Water Meter
21 Standards Committee. I have been active in numerous water industry stakeholder groups
22 with the Arizona Department of Environmental Quality ("ADEQ"), the Arizona Department
23 of Water Resources ("ADWR") and the Central Arizona Groundwater Replenishment
24 District. I also participated in the water task force put together by the Arizona Corporation
25 Commission (the "Commission"). I serve on Arizona Water Company's Board of
26 Directors, the Board of Directors of the Water Infrastructure Finance Authority of Arizona,
27 ADEQ's Water Systems Coordinating Council, ADWR's Statewide Water Resource
28 Advisory Group, and the Board of Directors of the Water Utilities Association of Arizona

1
2 (“WUAA”), as well as currently serving as WUAA’s Vice President and Treasurer. I also
3 serve as Chairman of the Water Management Subcommittee of the Pinal Active
4 Management Area Groundwater User Advisory Council, and I am president of Arsenic
5 Remediation Coalition, a group of water providers assembled to address arsenic issues in
6 Arizona.

7
8 **Q. Will you be sponsoring any exhibits with your direct testimony?**

9 A. Yes. I will be sponsoring the exhibits listed on the attached Exhibit List, with the
10 exhibits themselves following the Exhibit List in tabbed order:

11 WMG-1 ICFA with Elliott Homes dated January 20, 2003 [sic].
12 WMG-2 ICFA with SVVM 80 dated December 1, 2005.
13 WMG-3 ICFA with CHI Construction Company dated December 30, 2006.
14 WMG-4 ICFA with Sierra Negra Ranch dated July 10, 2006.
15 WMG-5 October 24, 2006 List of ICFAs
16 WMG-6 List of ICFAs produced on May 9, 2007
17 WMG-7 July 23, 2007 List of ICFAs
18 WMG-8 Decision No. 61943
19 WMG-9 Casa Grande P3 Agreement
20 WMG-10 Maricopa P3 Agreement
21 WMG-11 Chart of Payments to Maricopa
22 WMG-12 Map of Infringing ICFAs.
23
24
25
26
27
28

1
2 **Q. What is the purpose of your testimony?**

3
4 A. I will describe from Arizona Water Company's review of public records and what we
5 have been able to learn from data request responses and deposition responses given by the
6 Global Respondents' (collectively, "Global") representatives reasons why unregulated
7 Global entities are illegally and improperly conducting business as a public service
8 corporation outside the oversight and review of the Commission, why Global's use of
9 "Infrastructure Coordination and Finance Agreements" ("ICFAs") are illegal and improper
10 under Arizona law and Commission rules and procedures, why the use of funds under so-
11 called P3 agreements by the Global Entities is illegal and improper, and that Global has had
12 communications with, and in some cases even entered into utility service contracts with,
13 property owners within Arizona Water Company's existing CCN area.

14 **Q. In your years with Arizona Water Company, have you become familiar with**
15 **Arizona Water Company's operations in Arizona and Pinal County and the Arizona**
16 **water utility industry?**

17
18 A. Yes, I have. During my more than twenty years of working with Arizona Water
19 Company, both as an engineer and now as President, I have become very familiar with
20 Arizona Water Company's operations. In addition, my involvement with a variety of water-
21 related boards and associations has provided me with a wide range of experience and
22 understanding, not only about private water companies but also about municipally owned
23 utilities, water improvement districts, community facility districts, and many different
24 governmental agencies, including state, county and local governmental agencies. My
25 experience in the utility industry has also afforded me the opportunity to network with other
26 utility managers in dealing with utility issues common to both private and public entities.
27
28

1
2 **Q. Please briefly describe Arizona Water Company's operations and resources in**
3 **the State of Arizona.**

4
5 A. Arizona Water Company is a Class A water company with over 82,000 customers
6 served by 22 water systems in eight counties in Arizona. Arizona Water Company has been
7 in business since 1955. The towns, cities and unincorporated areas served by Arizona
8 Water Company include Sedona, Pinewood, Ajo, Tierra Grande, Claypool, Globe, Forest
9 Towne, Bisbee, Sierra Vista, Oracle, Casa Grande, Mesa, Goodyear, Buckeye, Coolidge,
10 Randolph, Apache Junction, Gold Canyon, Miami, Pinetop-Lakeside, San Manuel,
11 Winkelman, Stanfield, Overgaard, Rimrock, the Goldfield area and Superior. We provide
12 utility service to portions of some of the above-listed cities which have their own water
13 system, such as Globe, Mesa, Goodyear, and Apache Junction.

14 **Q. Does Arizona Water Company directly employ its employees, or are they**
15 **actually employees of an affiliate?**

16
17 A. Arizona Water Company hires and trains its own employees for its utility operations
18 and does not rely upon affiliates or their employees to provide services necessary for any of
19 its utility operations.

20 **Q. Why is that?**
21

22 A. Long experience has taught us that a utility works most efficiently when it hires,
23 trains, pays and retains its own employees. Our employees become experts on Arizona
24 Water Company's procedures, practices and physical system. Moreover, it is better public
25 policy because it makes the Commission's task of regulating a utility company more
26 effective and transparent. For example, Arizona Water Company pays its employees based
27 on their experience and skills. There is no hidden layer of profit, which can result when a
28 holding company or parent company of a utility provides all utility services to such utility

1
2 and requires the utility to pay costs over which it has no control, thereby allowing the
3 affiliate to collect an extra layer of unregulated profit and resulting in increased costs of
4 service and higher rates.

5
6 In addition, my experience with other private and public water and wastewater utilities
7 shows that while small start-up water and wastewater utilities might sometimes share
8 personnel when customer counts are low, as utilities increase in size, the use of separate
9 personnel for operating and maintaining the water utility and operating and maintaining the
10 wastewater utility is very necessary and common. In fact, as you look at the largest Arizona
11 utilities, namely the cities of Phoenix, Mesa, Gilbert, Glendale, Chandler, Tucson, Tempe
12 and other large water and wastewater providers, the industry standard is to have separate
13 water and wastewater personnel and management.

14 **Q. Does Arizona Water Company solicit requests for water service from real estate**
15 **developers and landowners?**

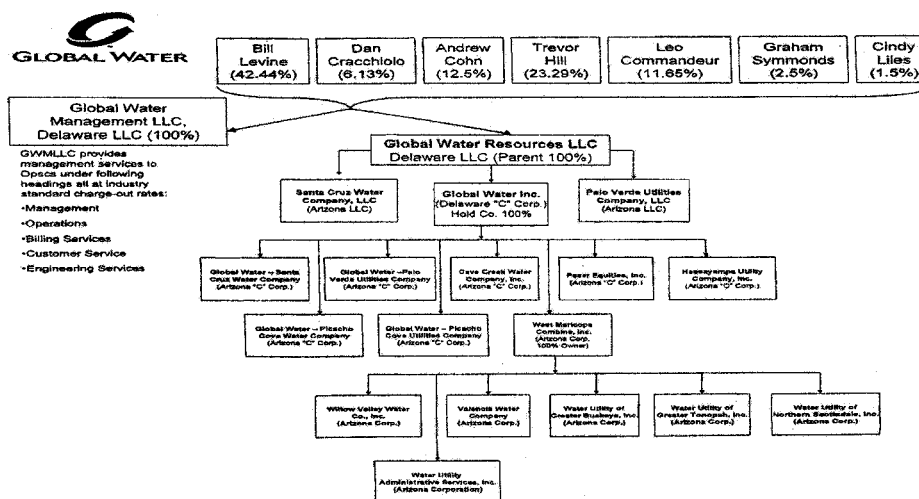
16
17 A. No, we do not. We are not in the business of soliciting requests for water service, or
18 presenting ourselves in an aggressive marketing campaign as a preferred provider. That
19 conduct, in our view, would conflict with the role of a regulated public service corporation.
20 We have served as a regulated water utility service provider in Arizona for over 50 years.
21 We respond to emerging needs for water service as appropriate, and do not aggressively
22 market for growth. Rather, we plan ahead for additional water service, anticipate what areas
23 will need water service in the future, and plan for the extension of water service to those
24 areas to ensure we are capable of providing such service when water service is needed.

Q. Does Arizona Water Company conduct all of its water utility service through that single corporate entity?

A. Yes, we do. This is the same entity that is certificated by the Commission and which has always been subject to the direct oversight and regulation of the Commission.

Q. From your review of Global's data request responses and submittals in this and related proceedings, and a review of public records, is Global similarly organized?

A. No, not at all. Global set forth its complex organizational chart in a response to data requests as follows:



See JDH-2. Global Water Resources, LLC ("GWR") is either a Delaware and/or an Arizona limited liability company. The Commission website lists GWR as a Delaware limited liability company; however in various Commission filings, GWR has represented itself as an Arizona limited liability company. It has sought to avoid oversight or regulation by the Commission, although it appears to be acting in most respects as a public service corporation, by among other things, entering into ICFA agreements under which it collects

1
2 funds from developers for allegedly “coordinating” utility services by its subsidiaries.
3 Global Water Management, LLC (“GWM”) is also variously listed by Global as a Delaware
4 and/or an Arizona limited liability company. Like GWR, it has sought to avoid the
5 oversight or regulation of the Commission, despite acting in most respects as a public
6 service corporation in Arizona, including the direct provision of labor, goods and materials
7 to the regulated Global subsidiaries, Santa Cruz Water Company (“SCWC”) and Palo Verde
8 Utilities Company (“PVUC”).

9
10 **Q. Have you been able to determine what is the exact relationship between GWM,**
11 **GWR and the two regulated utilities, SCWC and PVUC?**

12 A. Despite diligent inquiry, no. Global has thwarted our repeated efforts to obtain this
13 information. First and foremost, Global has repeatedly asserted that such information is
14 irrelevant in this proceeding and refused to produce books or records allowing us to trace
15 the flow of funds from ICFAs and other sources of funds through GWR downstream to
16 SCWC and PVUC. Moreover, Global has consistently refused to answer any data responses
17 or deposition questions directed to the availability of capital or other financing from either
18 Global’s investors (the owners of GWR are listed across the top portion of Global’s flow
19 chart set forth above), or through outside sources to GWM or GWR. As such, GWR and
20 GWM are merely business conduits through which to pass money, labor, materials and
21 services that directly relate to the provision of utility services by SCWC and PVUC, but
22 GWM and GWR have sought to stay beyond the purview of the Commission’s oversight
23 and regulation. There appears to be a unity of interest and ownership by the investors in
24 GWM and GWR to the regulated utilities SCWC and PVUC, which have no separate
25 personality or existence other than what they are provided by GWR and GWM, which in
26 turn are subject to the infusion of funds from its investors and/or outside entities to an extent
27 that Global has refused to disclose.
28

1
2 **Q. To start with, do GWR or GWM have authority to act as a public service**
3 **corporation?**

4
5 A. No. By Global's own admission and as reflected by the records of the Commission,
6 neither entity is a public service corporation in Arizona nor has either entity applied to the
7 Commission for such authority.

8 **Q. Has GWR represented to the public that it can provide utility services?**

9
10 A. Yes, on hundreds of occasions over the past several years. For example, in the
11 ICFAs, GWR represents itself as "providing services or benefits to landowners," (WMG-1,
12 Recital) and that GWR acts as a "coordinator" "to facilitate an agreement" between the
13 landowner and SCWC and PVUC to provide for utility service (Id. at Recital, Para. D, F).
14 These ICFAs also obligate SCWC and PVUC to serve the development and for the
15 landowner to receive service from SCWC and PVUC

16 **Q. Are there other examples of where GWR and GWM have operated as alter egos**
17 **or instrumentalities of PVUC and SCWC?**

18
19 A. Yes. As set forth in the deposition responses of Trevor Hill and Cindy Liles also
20 filed as part of Arizona Water Company's direct case, monies come and go through these
21 entities from upstream investors and unknown third parties, as well as ICFA funds from
22 landowners and developers. See Hill Depo. at 78-82; Liles Depo. at 46-67. These funds are
23 handled within GWR and GWM, with Global avoiding Commission oversight and
24 regulation. In ways that Global refuses to fully and properly disclose, GWR and GWM then
25 dole out the monies, labor and materials in their discretion at their predetermined rates and
26 charges to the regulated subsidiaries. All of these so-called infusions of capital into the
27 subsidiaries, as well as the payment for services by the subsidiaries, apparently occur
28 without the use of promissory notes or any written contracts between the various affiliates.

1
2 Liles Depo. at 56-58. In this way, GWR and GWM have sought to avoid and evade the
3 Commission's authority, regulation and oversight.

4 **Q. Have GWR, SCWC and PVUC violated previous Commission orders**
5 **concerning notice and approval of their operations in the past?**
6

7 A. Yes. In a February 17, 2006 "Notice of Intent" filed in Docket Nos. W-03576A-06-
8 0103 and SW-03575A-06-0103, SCWC and PVUC purported to provide after-the-fact
9 notice to the Commission of insider transfers of corporate interests within GWR "to existing
10 Global officers or key management personnel." The Commission previously ordered GWR,
11 SCWC and PVUC to file a notice *in advance* so that the Commission could initiate
12 appropriate proceedings to determine whether such transfers were in the public interest
13 pursuant to a Settlement Agreement made between the named Global Entities and Staff and
14 approved by the Commission. The Commission also imposed the same requirements in a
15 subsequent order to SCWC and PVUC, Decision No. 67830 (May 5, 2005). GWR violated
16 those Commission orders and proceeded with the transfers without notice to the
17 Commission and without Commission approval. SCWC and PVUC filed a notice after the
18 transfers had already taken place, citing an "oversight" as the excuse for violating the
19 Commission's orders.
20

21 **Q. In what way has GWR used ICFAs to evade the oversight and regulation of the**
22 **Commission?**

23 A. Again, Global has refused to disclose all the facts, but from what little has been
24 disclosed, it is apparent that GWR engages in an unauthorized scheme of entering into
25 ICFAs with a large number of landowners in Pinal County (as well as a number of
26 landowners in Maricopa County), including landowners located within Arizona Water
27 Company's CCNs and areas contiguous to those CCNs. An example of a ICFA recorded in
28

1
2 Pinal County dated in 2003 or 2004 is attached as Exhibit "WMG-1" and is incorporated by
3 this reference. Also attached are ICFA for areas in Pinal County dated 2005 and 2006,
4 Exhibits WMG-2 and WMG-3. Finally, GWR has also entered into ICFAs for areas in
5 Maricopa County. See Ex. WMG-4.

6
7 As further detailed in the testimony of Joseph D. Harris, it is even unclear at this point as to
8 the number of ICFAs which GWR has entered into. Early in the discovery process, Global
9 provided a list of "all" ICFAs, which seemed to list more than 200 such documents. WMG-
10 5. Global later provided a CD which contained copies of 129 ICFAs, which Global
11 characterized as "all" ICFAs. Arizona Water Company has created a list of the ICFAs on
12 that CD. WMG-6. Recently, on July 23, 2007, Global provided a list of "all" ICFAs, which
13 listed approximately 150 ICFAs. WMG-7. Global's unwillingness to clarify the exact
14 number of ICFAs is indicative of Global's desire to conceal this entire matter from
15 Commission and public scrutiny.

16
17 In the ICFAs, GWR LLC characterizes itself as the "Coordinator" and states as follows:

18 A. Coordinator is engaged in the business of, among other
19 things, providing services or benefits to landowners, such as: (i)
20 developing master utility plans . . . ; (ii) providing construction
21 services for water and wastewater treatment facilities, and (iii)
22 providing financing for the provision of infrastructure in
23 advance of and with no guarantee of customer connections.

24 B. Coordinator is the owner of Santa Cruz Water Company,
25 LLC ("SCW") and Palo Verde Utilities Company, LLC
26 ("PVU") and provides equity for its subsidiaries [sic] capital
27 improvements.

28 WMG-2.

29 The ICFAs further recite that the landowner sought "to engage Coordinator to provide
30 various services including but not limited to arranging and coordinating for the Landowner
31 the provision of Utility Services by SCW and PVU," and would work with GWR LLC to

1
2 include the landowner's land in the CCNs of SCW and PVU. Id., Recitals D. GWR LLC
3 also promises in the ICFAs to provide "will serve" letters from SCW and PVU.

4
5 The ICFAs further provide that GWR will act as a utility in all but name by "coordinating"
6 utility services by its wholly-owned subsidiaries:

7 Coordinator shall undertake good faith efforts to facilitate,
8 arrange and/or coordinate with SCW and PVU, as necessary,
9 to provide Utility Services to Landowner, including without
10 limitation, obtaining all necessary permits and approvals
11 Coordinator shall make good faith efforts to cause SCW and
12 PVU to provide water [source] and storage as well as waste
13 water treatment Utility Services to Landowner for the Land.
14 Water and wastewater lines will be constructed to the property
15 line of the Land . . . at locations to be designated by [GWR
16 LLC]

17 Id., ¶ 1. The ICFAs also provide that GWR will "arrange and obtain" for the landowner a
18 lengthy list of utility services from SCWC and PVUC, such as expanding CCN areas,
19 preparing master plans, and developing water plant and well source capability. Id., ¶¶ 1-2

20 The relationship of ICFAs to more familiar line extension agreements was made clear in the
21 deposition testimony of Cynthia Liles. According to Ms. Liles, Global offered prospective
22 developers the option of entering into either (a) a line extension agreement with a regulated
23 utility such as SCWC or PVUC, or (b) an ICFA with the unregulated GWR. Liles Depo. At
24 8, 16-20. Although Global initially offers the two mechanisms as interchangeable
25 (indicating that Global intends the ICFA to replace the Commission-approved line extension
26 agreement), Global ends up steering most, if not all, developers into ICFAs allegedly
27 outside of the Commission's oversight and regulation. Liles Dep. at 17-18.

28 The ICFAs require a tie-in arrangement compelling the landowners to enter into main
extension agreements with SCWC and PVUC, to grant SCWC and PVUC various
easements, and to eventually grant SCWC any and all water rights and wells on the affected
properties. WMG-1, ¶ 3. Such tie-in arrangements are entered into without regard for the

1
2 larger public interest, such as the interest of the ultimate water utility customers, in
3 furtherance of an unlawful scheme that is inimical to the provision of utility services under
4 longstanding Commission practice and policy and Arizona law.

5 The ICFA's also require the landowner "or its assigns in title and/or successors in title" to
6 pay GWR a fee of up to \$5,500 per defined "equivalent dwelling unit," adjusted upward
7 over time based on the consumer price index plus an additional percentage. WMG-4, ¶ 4.
8 Such charges by GWR stand completely unregulated by the Commission. Despite repeated
9 inquiries, Global has also failed to explain exactly how the fee is calculated, other than
10 claiming that the amount approximates an "interest carry." Hill Depo. at 78-80; Liles Depo.
11 at 20-25. Only recently did Global provide a calculation of the total amount it expects to
12 collect from ICFA's in the CCN expansion area covered by Docket No. 01445A-06-0199,
13 revealing the amount of \$312 million dollars – all allegedly outside of Commission
14 oversight and regulation.
15

16 **Q. Do you perceive other problems with the ICFA scheme?**

17
18 A. Yes. The ICFA's further require that they shall be recorded with the County Recorder
19 (generally Pinal County, but also Maricopa County). Thus, the ICFA's impose an
20 unreasonable burden on the land and are intended to bind future landowners, and further
21 frustrate and interfere with the Commission's authority to oversee and regulate the provision
22 of public utility service to the ultimate customers.

23 No Arizona law or statute, and no Commission decision or order, rule or regulation, allows
24 GWR to act outside of the jurisdiction, oversight or approval of the Commission and charge,
25 demand or collect a fee for "coordinating" or "facilitating" the provision of such utility
26 services. Furthermore, no Commission deletion proceeding would effectively remove the
27 obligation recorded against the affected properties if PVUC and SCWC were unable or
28

1
2 unwilling to provide service, effectively binding the landowner forever to receive service
3 from GWR and their captive utilities.
4

5 Global also contends that it does not market or promote its ICFA schemes to developers, but
6 instead waits for developers to approach Global about entering into ICFAs. However,
7 Global has refused to answer Arizona Water Company's data requests seeking information
8 about Global's communications with developers and landowners (AWC 1.2, 1.3 and 1.4),
9 preventing Arizona Water Company from investigating these communications and
10 determining Global coerced or deceived landowners into entering such agreements. By
11 refusing to respond to Arizona Water Company's data requests on these issues, Global has
12 also concealed any representations or promises made by Global to induce landowners and
13 developers to enter into such ICFAs.
14

15 **Q. Has the Commission denied requests by SCWC and PVUC to charge similar up**
16 **front fees to developers and landowners?**

17 A. Yes. See Decision No. 61943 (September 17, 1999), attached as Exhibit WMG-8.
18 The effect of the ICFAs is to enable GWR to improperly charge hookup fees for the
19 provision of utility services which the Commission has expressly refused to allow SCWC
20 and PVUC to charge, thereby unlawfully circumventing the Commission's jurisdiction and
21 authority.
22

23 **Q. Do the ICFA funds trigger concerns over treatment of financing for rate making**
24 **purposes?**

25 A. Yes. GWR is using the ICFAs to circumvent those Commission denials and evade
26 the Commission's oversight and jurisdiction by collecting fees in exchange for "facilitating"
27 utility services by regulated subsidiaries in direct violation of Commission orders and in
28

1
2 violation of Article 15, Section 3 of the Arizona Constitution and A.R.S. § 40-202. GWR
3 may be mischaracterizing such unregulated payments by landowners as “paid in capital” by
4 GWR to its regulated entities in order to evade Commission policy, where such payments
5 are required to be properly recorded as advances or contributions in aid of construction and
6 thus be excluded from rate base for ratemaking purposes – if the utilities had been
7 authorized to collect such fees, which they have not.

8
9 Global has represented (and the ICFAs recorded against most, if not all, of the affected
10 parcels show) that, except for the onsite distribution and collection systems, i.e., those
11 facilities immediately contained within each subdivision, the majority of utility
12 infrastructure is funded through Global’s purported equity funding in its utilities. But none
13 of these investments by Global has ever been the subject of a rate proceeding, and none of
14 the parent company’s “overhead” or profit has ever been scrutinized in regulatory reviews
15 by the Commission.

16
17 **Q. Are there any problems with Global’s so called “P3 Agreements”?**

18 A. Yes. GWR has entered into P3 Agreements, from what we have learned in responses
19 to data requests and depositions, with the City of Casa Grande, *see* Exhibit WMG - 9, and
20 the City of Maricopa, *see* Exhibit WMG – 10.

21
22 Global seeks to benignly characterize the P3 Agreements as a beneficial “public-private
23 partnership” that will “harmonize rates” and provide “innovative revenue streams” to the
24 municipalities. In fact, the P3 Agreements provide that in exchange for payments from
25 GWR (but purportedly passed through to its future customers via rates charged by SCWC
26 and PVUC) as well as a flat fee paid for each residential home connected “to Global’s water
27 and wastewater system within the jurisdictions of the City” (although Global has so far
28 evaded regulation as a public service corporation and has no such systems, or authority to

1
2 collect such fees), the municipalities will cooperate in seeking Commission "approval of
3 SCW[C] and PVU[C]'s proposed expansion of the CC&N over Global's Planning Area."
4 See WMG - 9, paragraph 17(a).

5
6 The P3 Agreements, which Global has failed to present to the Commission or Staff for
7 review or approval, promote a scheme for the payment of a bounty to be reimbursed by
8 future ratepayers in order to curry financial favor with the municipalities in Global's desired
9 expansion area. (In a delayed response to Arizona Water Company's data requests, Global
10 recently disclosed that GWR has paid more than \$516,000 to the City of Maricopa. WMG-
11 11. Besides improperly affecting municipal actions vis-à-vis Global, such amounts are
12 apparently passed on to the utility bills of Global's customers.) Despite their recitals, the
13 P3s subvert the public interest and constitute a concerted scheme by the unregulated Global
14 entities to avoid compliance with Arizona law and policy and to evade Commission
15 jurisdiction and authority.

16 Global has also refused to respond to Arizona Water Company's data requests seeking
17 information on Global's communications with municipalities concerning P3 Agreements
18 (AWC 1.9, 1.10, 1.11 and 1.12), thus preventing Arizona Water Company from
19 investigating the representations made by Global when negotiating the P3 Agreements and
20 insulating the P3 Agreements from further analysis by the Commission.

21
22 In summary, the effect of the P3 Agreements is that GWR collects fees from prospective
23 utility customers in order to provide a financial incentive to neighboring municipalities to
24 support Global's efforts to expand its regulated utilities' CCNs, in complete disregard for
25 the public interest.
26
27
28

1
2 **Q. Has Global illegally infringed on Arizona Water Company's CCN area and**
3 **interfered with Arizona Water Company's existing customers?**

4
5 A. Yes. Global entered into ICFAs directly with landowners within Arizona Water
6 Company's existing CCN areas, without seeking and obtaining a deletion of that Certificate,
7 in blatant disregard of the public interest and Arizona Water Company's rights. Liles Depo.
8 at 27-31 and Exhibit WMG-12.

9 **Q. Where exactly are the areas where Global has infringed?**

10
11 A. After a lengthy delay, Global finally produced a map indicating the ICFA areas
12 (generally in the Stanfield area) which overlap and infringe on Arizona Water Company's
13 Stanfield CCN area. Attached as Exhibit WMG-12 is a copy of that map. As revealed in
14 the testimony of Cynthia Liles, Global has not attempted to record these particular ICFAs.
15 Because Global has provided Arizona Water Company with copies of only *recorded* ICFAs,
16 Arizona Water Company does not have copies of the infringing ICFAs.

17
18 **Q. Is Global's admission that it has acquired Francisco Grande Utility Company**
19 **and CP Water Company troubling to you?**

20
21 A. Yes, for several reasons. First, the Arizona Revised Statutes prohibit a public service
22 corporation from purchasing, acquiring, taking or holding any part of the capital stock of
23 any other public service corporation without first obtaining permission from the
24 Commission and any such assignment, transfer, contract or agreement for assignment or
25 transfer of any stock in violation of this provision becomes void. See A.R.S. § 40-285 D-E.
26 To date, none of the acquisitions by Global of any public service corporation has been
27 submitted for review or approval by the Commission. If Global believes these acquisitions
28 are truly in the public interest and intend to manage, control and own utilities in Arizona, it

1
2 should not evade the requirement to submit all of its transactions, including ICFA's and
3 acquisitions, to the Commission for review and approval. Finally, the fact that Global is
4 using ICFA funds it has collected from developers and landowners to fund its acquisition of
5 regulated water utilities and CCN areas is inimical to Commission policy and procedure and
6 Arizona law. When compared to the transfer of CCN from Francisco Grande Utility
7 Company to Arizona Water Company over the past several years, all at no cost to Arizona
8 Water Company or its water customers, it seems contrary to the public interest for GWR to
9 be buying up CCN, collecting ICFA fees to fund such purchases, and then making
10 ratepayers and homeowners pay the price in the form of higher rates, higher home prices or
11 both.

12
13 **Q. Are there any negative concerns about Global's business plan compared with**
14 **that of Algonquin Water Resources of America?**

15 A. Yes, there are many concerns. First, it should be noted that Mr. Hill and Mr.
16 Symmonds were both instrumental in the formation of Algonquin Water Resources of
17 America ("Algonquin"). Mr. Hill was actually one of the co-founders. Like Global,
18 Algonquin worked to avoid the Commission regulation, preferring instead to exploit the
19 benefits from such ownership and control without the need to fully disclose its activities to
20 the Commission. This type of conduct was recently addressed in the Black Mountain Sewer
21 Company rate decision, see Decision No. 69164, in which the Commission severely
22 criticized Algonquin and removed certain expenses from recovery from ratepayers because
23 of the inherent conflict of interest and double counting of corporate profit. This business
24 model is not unique to Algonquin, but by the very fact that both companies were formed by
25 Mr. Hill, it appears that Global's business plan has been formed out of the same flawed
26 "model" as Algonquin's.
27
28

1
2 **Q. Have other utility commissions dealt with similar holding company issues?**

3
4 A. Yes. Kansas adopted laws to give its Commission jurisdiction over holders of the
5 voting stock of public utility companies and to require disclosure of the identity of the
6 owners or substantial interests therein, as well as access to the accounts and records of
7 affiliated interests, relating to transactions between them and public utility companies.
8 Kansas law also provides that "no management or similar contract with any affiliated
9 interest shall be effective unless first filed with the Commission, and authorizes the
10 Commission to disapprove any such contract not found to be in the public interest." That
11 state's laws further provide that "in ascertaining the reasonableness of a rate or charge to be
12 made by a public utility, no charge for services rendered by a holding or affiliated company,
13 shall be given consideration in determining a reasonable rate or charge unless there be a full
14 showing made by the utility affected by the rate or charge as to the actual cost to the holding
15 or affiliated company furnishing such service and material or commodity. Such showing
16 shall consist of an itemized statement furnished by the utility setting out in detail the various
17 items, cost for services rendered and material or commodity furnished by the holding or
18 affiliated company." *See State Corporation Commission of Kansas v. Wichita Gas Co.*, 290
19 U.S. 561 (1934).

20
21 California addressed similar concerns in a 2003 investigation into the San Diego Gas and
22 Electric Company in which the California Public Utilities Commission ("CPUC") had
23 concerns over the utility and its unregulated affiliates that had substantial business activities
24 within the utility's service territories that created "conflicts of interest" between the utility
25 and its ratepayers and the utility's unregulated affiliates. The CPUC stated, in part,
26 "(b)ecause of the potential for abuse from the holding company structure, the CPUC's
27 authorizations for the formation of the utility's holding companies depended on their
28 compliance with a set of carefully considered conditions." The CPUC's investigation also

1
2 determined that the unregulated activities created a direct conflict between the interests of
3 the holding companies and the regulated utility and its ratepayers and found it was
4 particularly problematic given the large magnitude of the unregulated activities in terms of
5 dollars, and the breadth of these activities, covering nearly every area of energy services.
6 See Order Instituting Investigation before CPUC dated 1-16-2003.

7
8 **Q. Are there any parallels with the Kansas and California cases in this proceeding?**

9 A. Yes. Global, as a holding company with regulated utilities in Arizona, has entered
10 into ICFA's covering "nearly every area of water and wastewater services." Global admits
11 that it provides all services to its regulated utilities. Global, an unregulated parent and
12 affiliate of SCWC, PVUC, Cave Creek Water Company, Water Utility of Greater Tonopah,
13 et al., has filed ICFA agreements which cover extensive areas from which they collect
14 untariffed fees from landowners. Collectively, Global, with its aggressive push to take in
15 approximately 300 square miles of service territory in the Maricopa-Casa Grande area
16 alone, could potentially collect \$2.6 billion or more from such ICFA's with landowners,
17 essentially structured to lock in water and wastewater service territories for its regulated
18 utilities. This estimate is based on the \$3,500 per lot Global charges in ICFA fees, 4 lots per
19 acre, and 300 square miles of territory sought. ICFA's recorded recently in Pinal County
20 show ICFA fees exceeding \$5,000 per lot. Moreover, Global recently disclosed that it
21 expected to collect more \$312 million in fees from developers under ICFA's in the extension
22 area requested in Docket No. W-01445A-06-0199.

23
24 **Q. What remedies does Arizona Water Company seek from the Commission in this**
25 **proceeding?**

26 A. First, the unregulated Global Entities, specifically including GWR and GWM, should
27 be declared to be acting as public service corporations pursuant to Article 15, Section 2 of
28

1
2 the Arizona Constitution, and subjected to the jurisdiction and regulation of the
3 Commission. Further, the Commission should enjoin or issue a cease and desist order to
4 GWR, GWM, and all persons and entities acting in concert with these entities, from acting
5 as public service corporations, negotiating or executing ICFAs, handling and passing
6 through funds or otherwise directing the activities of the regulated utilities, unless and until
7 they subject themselves to the jurisdiction and regulation of the Commission.

8
9 Specifically, as to the ICFAs and P3s, GWR and any other Global entity should be enjoined
10 or ordered to cease and desist from imposing and collecting the charges and fees assessed
11 under such agreements, and similarly from marketing and contacting landowners and
12 perspective customers, entering into negotiations or assessing or paying such fees or charges
13 under such agreements until such practices are reviewed and approved by the Commission.
14 Further, the unregulated Global entities should be enjoined and directed to cease and desist
15 from soliciting or entering into ICFAs or any other agreements with landowners for water
16 service within Arizona Water Company's existing CCN areas.

17
18 Finally, Arizona Water Company seeks an order that the ICFAs entered into by the Global
19 entities be declared unlawful and null and void, and for an order requiring Global to refund
20 all fees and charges collected under the ICFAs to the respective landowners and developers
21 with interest and upon other appropriate terms, and that the Global entities take steps to
22 release and re-convey any recorded interests arising out of the ICFAs so as to restore clear
23 title to the affected properties.

24 **Q. Does this complete your prepared direct testimony?**

25
26 **A. Yes, it does.**
27
28

EXHIBITS

- WMG-1 ICFA with Elliott Homes dated January 20, 2003 [sic].
- WMG-2 ICFA with SVVM 80 dated December 1, 2005.
- WMG-3 ICFA with CHI Construction Company dated December 30, 2006.
- WMG-4 ICFA with Sierra Negra Ranch dated July 10, 2006.
- WMG-5 October 24, 2006 List of ICFAs
- WMG-6 List of ICFAs produced on May 9, 2007
- WMG-7 July 23, 2007 List of ICFAs
- WMG-8 Decision No. 61943
- WMG-9 Casa Grande P3 Agreement
- WMG-10 Maricopa P3 Agreement
- WMG-11 Chart of Payments to Maricopa
- WMG-12 Map of Infringing ICFAs.

1 **ORIGINAL and 13 COPIES** of the foregoing
2 filed this 3rd day of August, 2007 with:

3
4 Docket Control Division
5 Arizona Corporation Commission
6 1200 W. Washington
Phoenix, AZ 85007

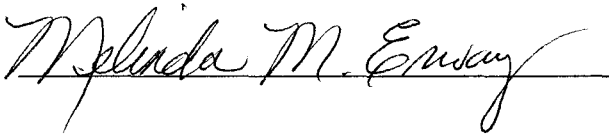
7 **COPY** of the foregoing hand-delivered/
8 mailed this 3rd day of August, 2007 to:

9 Dwight D. Nodes [hand-delivered]
10 Administrative Law Judge
11 Hearing Division
12 Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

13 Christopher Kempsey, Esq. [hand-delivered]
14 Chief Counsel, Legal Division
15 Arizona Corporation Commission
1200 W. Washington
16 Phoenix, AZ 85007

17 Ernest G. Johnson [hand-delivered]
18 Director, Utilities Division
19 Arizona Corporation Commission
1200 W. Washington
20 Phoenix, AZ 85007

21 Michael W. Patten, Esq. [testimony e-mailed]
22 Roshka DeWulf & Patten, PLC
23 One Arizona Center
400 E. Van Buren St., Suite 800
Phoenix, AZ 85004
24 Attorneys for Applicants
25 Santa Cruz Water Company, L.L.C.
and Palo Verde Utilities Company, L.L.C.

26
27 
28

WMG - 1



OFFICIAL RECORDS OF
PINAL COUNTY RECORDER
LAURA DEAN-LYTLE

DAVID L. LANSKY
MARISCAL, WEEKS, MCINTYRE &
FRIEDLANDER, P.A.
2901 NORTH CENTRAL AVENUE
SUITE 200
PHOENIX, ARIZONA 85012-2705

RES-61900

217

DATE/TIME: 05/19/04 1203
FEE: \$20.00
PAGES: 10
FEE NUMBER: 2004-036881

INFRASTRUCTURE COORDINATION AGREEMENT

THIS INFRASTRUCTURE COORDINATION AGREEMENT (this "Agreement") is entered into as of January 20, 2003 between Phoenix Capital Partners, LLC, an Arizona limited liability company ("Coordinator") and Elliott Homes, Inc., an Arizona corporation ("Landowner").

RECITALS

A. Coordinator is engaged in the business of, among other things, providing the following services or benefits to landowners, directly, or indirectly through its subsidiaries or affiliates, including Santa Cruz Water Company, LLC, an Arizona limited liability company ("SCW") and Palo Verde Utilities Company, LLC, an Arizona limited liability company ("PVU"): (i) developing master utility plans for both wet and dry utilities of all types, including without limitation natural gas, electricity, cable television, Internet, intranet, and telecommunications services; (ii) providing construction services for water and wastewater treatment facilities, (iii) facilitating the provision of water and wastewater services, (iv) facilitating the provision of dry utility services, and/or (v) providing access to long-term agreements with strategic partners that provide natural gas, electrical, telecommunications, Internet, intranet, and cable television services, and other similar services. Coordinator is a non-regulated company and is not subject to utility regulation by the State of Arizona Corporation Commission (the "Commission").

B. SCW and PVU are (i) fully accredited public service companies approved by the Commission to provide water company and wastewater company services, respectively (the "Utility Services"), and (ii) regulated utility companies, subject to regulation by the Commission.

C. Landowner is in the process of developing certain real property, as more fully described on Exhibit A hereto (the "Development") and, in connection therewith, desires (i) to engage Coordinator to provide various services and to coordinate the activities of SCW and PVU with respect to the provision of Utility Services to and with respect to the Development, and (ii) to ensure that Development is included as part of the service area for SCW and PVU, on the terms and conditions hereinafter set forth.

D. The Development is currently in, or is in the process of being included in, the appropriate Certificate of Convenience and Necessity ("CC&N") covering the provisions of Utility Services by SCW and PVU.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Obligations of Coordinator. Upon execution of this Agreement, Coordinator shall coordinate its activities and those of SCW and PVU as necessary to make Utility Services available to Landowner at the property line of the Development, at a location to be designated by Coordinator (the "Delivery Point"). In addition to other administrative services to be provided by Coordinator, Coordinator agrees to use its good faith efforts to coordinate and provide access to expanded dry utility agreements currently in place to benefit the Development. The dry utility services may include natural gas, electricity, telephone, cable television, Internet, and intranet services. In particular, Coordinator will use its good faith efforts to negotiate modifications to existing dry utility agreements with Coordinators to include the Development within their service boundaries. Landowner acknowledges and agrees that nothing in this Agreement is intended to prohibit Coordinator, its successors or assigns or their respective subsidiaries or affiliates from investing in or owning companies formed for purposes of providing any one or more of the dry utility services contemplated in this Agreement. Landowner shall not be obligated to enter into any agreements with Coordinators or to accept any dry utility services without Landowner's written approval, in Landowner's sole discretion.

2. Coordination with SCW and PVU. Coordinator agrees to coordinate its activities and cause SCW and PVU to provide the services more fully described on Exhibit B hereto, subject to obtaining the applicable regulatory approvals. Landowner shall be responsible for entering into separate Water Facilities Extension and Wastewater Facilities Extension Agreements (the "Extension Agreements") with SCW and PVU, respectively, before Coordinator shall have any obligations with respect to coordinating the activities of SCW and PVU pursuant to this Section 2. The Extension Agreements shall be in form and content acceptable to SCW, PVU and Landowner, as applicable. Landowner acknowledges that the Extension Agreements may provide that if the Development exceeds two-hundred and fifty (250) acres, Landowner may be required to utilize effluent for both peak and off-peak periods.

3. Obligations of Landowner. Landowner agrees to cooperate with Coordinator as reasonably requested by Coordinator and agrees to provide all information and documentation about the Development necessary for Coordinator to comply with its obligations under this Agreement. In addition, Landowner agrees to grant to SCW and/or PVU, as the case may be, all necessary easements and rights of way for the construction and installation and subsequent operation, maintenance and repair of the Utility Services. Such easements and rights of way shall be of adequate size, location and configuration so as to allow SCW and PVU ready and all weather access to all facilities for maintenance and repairs and other activities necessary to provide safe and reliable water and wastewater Utility Services. In addition, Landowner agrees to provide and transfer to SCW any and all water rights including, but not limited to,

Grandfathered Irrigation Rights, Type I rights and /or Type II rights which run with or relate to the Development and which Coordinator determines, in its sole discretion, to be useful. Further, any wells which Coordinator, in its sole discretion, deems useful, whether operational, abandoned, agricultural or otherwise, will be transferred and conveyed by Landowner to SCW at no cost to SCW or Coordinator. Lastly, if Coordinator and/or SCW identify future wells sites, Landowner shall cause such well sites to be identified on the Plat Approval and dedicated to SCW in fee, free of all liens, claims and encumbrances of any kind or nature whatsoever. Any well sites not transferred to SCW are to be decommissioned at the Landowner's expense.

4. Payment Obligations. Upon the earlier to occur of (i) the date Landowner's obtaining final plat approval with respect to the Development and such plat being recorded in the Official Records of Pinal County, Arizona (the "Plat Approval"), or (ii) the date upon Coordinator notifies Landowner that all improvements necessary for SCW and PVU to provide water and wastewater services to the Delivery Point have been completed, Landowner shall pay Coordinator the sum of \$2,200 per equivalent dwelling unit in the Development (the "Landowner Payment.")

At the discretion of the Coordinator, the Coordinator may collect advance funds on account of the Landowner Payment from the Landowner as follows:

- At the time field survey, design and engineering commences Landowner shall pay an amount equal to \$50.00 per equivalent dwelling unit times the number of equivalent dwelling units planned for the Development.

- Landowner shall pay an advance of \$550 per equivalent dwelling unit times the number of equivalent dwelling units planned for the Development. This amount has been calculated based upon estimated improvement costs (from most recent prices available) plus 20% contingency. The advance shall be paid as follows:

- Two weeks prior to the start of construction of the water and wastewater distribution and collection system to serve the Development, Landowner shall pay \$100 per equivalent dwelling unit times the number of equivalent dwelling unit planned for the Development.

- Then monthly Landowner will be billed a pro-rata amount of the costs of the construction of the water and wastewater distribution and collection system based upon invoices received. The monthly amounts billed will be payable to Coordinator within 20 days of receipt of the billing. The maximum additional advance required from Landowner is \$450 per equivalent dwelling unit, but this shall not limit Landowner's obligation for the balance of the Landowner Payment.

For the purposes of this Section 4, the number of equivalent dwelling units within the Development shall be calculated as follows: (i) each single family residential lot included in the Plat Approval shall constitute one (1) equivalent dwelling unit, (ii) each gross acre of retail or commercial office property included in the Plat Approval shall constitute three (3) equivalent dwelling units, (iii) each gross acre of industrial property included in the Plat Approval shall

constitute four (4) equivalent dwelling units; and (iv) each gross acre of multi-family property included in the Plat Approval shall constitute five (5) equivalent dwelling units. If the payment to be made by Landowner pursuant to this Section 4 is due and owing pursuant to clause (ii) above prior to the Plat Approval, Coordinator shall reasonably calculate the Landowner Payment and Landowner shall make an initial payment based upon Coordinator's reasonable calculation. Following the Plat Approval, Landowner and Coordinator shall reconcile the amount paid by Landowner pursuant to the preceding sentence with the actual Landowner Payment and Landowner shall pay to Coordinator or Coordinator shall pay to Landowner, as the case may be, the amount necessary to reconcile such payment. Fees payable to SCW and PVU, and reimbursement for certain costs and expenses incurred by Landowner with respect to the obtaining of Utility Services are not the subject of this Agreement shall be paid and reimbursed to the appropriate parties in accordance with the Extension Agreements

5. No Partnership. Coordinator and Landowner are acting as independent contractors pursuant to this Agreement. Nothing in this Agreement shall be interpreted or construed (i) to create an association, joint venture, or partnership among the parties or to impose any partnership obligation or liability upon either party, or (ii) to prohibit or limit the ability of Coordinator to enter into similar or identical agreements with other landowners, even if the activities of such landowners may be deemed to be in competition with the activities or Landowner.

6. Default.

(a) Landowner shall be deemed to be in material default under this Agreement upon the expiration of ten (10) days, as to monetary defaults, and thirty (30) days, as to nonmonetary defaults, following receipt of written notice from Coordinator specifying the particulars in which a default is claimed unless, prior to expiration of the applicable grace period (ten (10) days or thirty (30) days, as the case may be), such default has been cured. A default by Landowner under this Agreement shall constitute a default by Landowner under the Extension Agreements and a default by Landowner under the Extension Agreement(s) shall constitute a default under this Agreement.

(b) In the event Landowner is in default under this Agreement, the provisions hereof may be enforced by an action for specific performance, injunction, or other equitable remedies in addition to any other remedy available at law or in equity. In this regard, in the event Landowner fails to pay any amount as and when due (including the Landowner Payment), which failure is not cured within ten (10) days after notice thereof in accordance with the provisions of Section 6(a) above, such delinquent amounts shall bear interest at the rate of fifteen percent (15%) per annum from the due date until paid. In addition, to the extent such sums remain unpaid following such ten (10) day period, Coordinator may claim a lien for such sum, together with interest thereon as set forth above, which may be foreclosed against the Development in the manner prescribed by law for the foreclosure of realty mortgages.

(c) Amounts owed but not paid when due by Landowner shall be a lien against the Development. The lien shall attach and take effect only upon recordation of a claim

of lien as described below in the office of the Pinal County Recorder by Coordinator. A claim of lien shall include the following:

- (i) The name of the lien claimant.
- (ii) The name of the party or then owner of the property or interest against which the lien is claimed.
- (iii) A description of the property against which the lien is claimed.
- (iv) A description of the default or breach that gives rise to the claim of lien and a statement itemizing the amount of the claim.
- (v) A statement that the lien is claimed pursuant to the provisions of this Agreement and reciting the date of recordation and recorder's document number of this Agreement.
- (vi) The notice shall be acknowledged, and after recordation, a copy shall be given to the person against whose property the lien is claimed in any manner prescribed under Section 15 of this Agreement. The lien may be enforced in any manner allowed by law, including without limitation, by an action to foreclose a mortgage or mechanic's lien under the applicable provisions of the laws of the State of Arizona.

(d) If the Landowner posts either (a) a bond executed by a fiscally sound corporate surety licensed to do business in the State of Arizona, or (b) an irrevocable letter of credit from a reputable financial institution licensed to do business in the State of Arizona reasonably acceptable to Coordinator, which bond or letter of credit (i) names Coordinator as the principal or payee and is in form satisfactory to Coordinator, (ii) is in the amount of one and one-half (1-½) times the claim of lien, and (iii) unconditionally provides that it may be drawn on by Coordinator in the event of a final judgment entered by a court of competent jurisdiction in favor of Coordinator, then Coordinator shall record a release of the lien or take such action as may be reasonably required by a title insurance company requested to furnish a policy of title insurance on such property to delete the lien as an exception thereto. Landowner shall post the bond or letter of credit by delivery of same to Coordinator. All costs and expenses to obtain the bond or letter of credit, and all costs and expenses incurred by Coordinator, shall be borne by Landowner, unless Landowner is the prevailing party in any litigation challenging the claimed lien.

7. Attorneys' Fees. If any dispute arises out of the subject matter of this Agreement, the prevailing party in such dispute shall be entitled to recover from the other party its costs and expenses (including reasonable attorney's fees) incurred in litigating or otherwise resolving such dispute. The parties' obligations under this Section shall survive the closing under this Agreement.

8. Applicable Law, Venue, Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona, notwithstanding any Arizona or other

conflict-of-law provisions to the contrary. The parties consent to jurisdiction for purposes of this Agreement in the State of Arizona, and agree that Maricopa County, Arizona, shall be proper venue for any action brought with respect to this Agreement.

9. Interpretation. The language in all parts of this Agreement shall in all cases, be construed as a whole according to its fair meaning and not strictly for nor against any party. The section headings in this Agreement are for convenience only and are not to be construed as a part hereof. The parties agree that each party has reviewed this Agreement and has had the opportunity to have counsel review the same and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or any exhibits thereto. Except where specifically provided to the contrary, when used in this Agreement, the term "including" shall mean without limitation by reason of enumeration. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the person(s) or entity(ies) may require.

10. Counterparts. This Agreement shall be effective upon execution by all parties hereto and may be executed in any number of counterparts with the same effect as if all of the parties had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

11. Entire Agreement. This Agreement constitutes the entire integrated agreement among the parties pertaining to the subject matter hereof, and supersedes all prior and contemporaneous agreements, representations, and undertakings of the parties with respect to such subject matter. This Agreement may not be amended except by a written instrument executed by all parties hereto.

12. Additional Instruments. The parties hereto agree to execute, have acknowledged, and deliver to each other such other documents and instruments as may be reasonably necessary or appropriate to evidence or to carry out the terms of this Assignment.

13. Severability. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

14. Incorporation by Reference. Every exhibit, schedule and other appendix attached to this Agreement and referred to herein is hereby incorporated in this Agreement by reference.

15. Notices. Any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be delivered personally to the party to whom the same is directed or sent by registered or certified mail, return receipt requested, addressed to the addresses set forth on the signature page hereto. Any such notice shall be deemed to be delivered, given and received for all purposes as of the date so delivered if delivered personally, or three business days after the time when the same was deposited in a regularly maintained receptacle for the deposit of United States mail, if sent by registered or certified mail, postage and charges prepaid, or if given by any other method, upon

actual receipt; provided that notwithstanding the foregoing, notice of any change of address shall be effective only upon actual receipt of such notice.

16. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties. This Agreement constitutes a covenant running with the land, shall be binding upon the Development for the benefit of Coordinator, its successors and assigns and any person acquiring any portion of the Development, upon acquisition thereof, shall be deemed to have assumed the obligations of Landowner arising this Agreement with respect to the Development without the necessity for the execution of any separate instrument. At such time as the Landowner Payment has been paid in full, Coordinator shall release this Agreement of record.

[Signatures are on the following page.]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above written.

Phoenix Capital Partners, LLC,
An Arizona Limited Liability Company

By: Phoenix Utility Management, LLC
An Arizona Limited Liability Company
Its Manager/Member

By: Cindy M. Liles
Cindy M. Liles
Its: Vice-President

Landowner:
Elliott Homes, Inc.
an Arizona corporation

By: Allen Evenson
Allen Evenson
ALLIE
Its: Vice President

STATE OF Arizona)
County of Maricopa) ss.

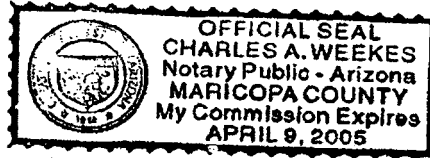
On January 20, 2004, before me, ^{c.w.} ~~Cindy M. Liles~~ Charles A. Weekes
a Notary Public in and for said state, personally appeared Cindy M. Liles
personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose
names are subscribed to the within instrument and acknowledged to me that they executed the same in
their authorized capacities, and that by their signatures on the instrument, the persons, or the entity upon
behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

My Commission Expires:

April 9, 2005

Charles A. Weekes
Notary Public in and for said State



STATE OF ARIZONA)
County of Maricopa) ss.

On Jan. 12, 2004, before me, Amy L. Brinson
a Notary Public in and for said state, personally appeared Allie C. Evenson
personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons whose
names are subscribed to the within instrument and acknowledged to me that they executed the same in
their authorized capacities, and that by their signatures on the instrument, the persons, or the entity upon
behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

My Commission Expires:

March 19, 2005

Amy L. Brinson
Notary Public in and for said State



EXHIBIT A
INFRASTRUCTURE COORDINATION AGREEMENT

LEGAL DESCRIPTION OF DEVELOPMENT

WMG - 2

1/3

WHEN RECORDED RETURN TO:
Global Water Resources, LLC
22601 N. 19th Avenue
Suite 210
Phoenix, Arizona 85027



OFFICIAL RECORDS OF
PINAL COUNTY RECORDER
LAURA DEAN-LYTLE

DATE/TIME: 02/14/06 1634
FEE: \$52.00
PAGES: 43
FEE NUMBER: 2006-022181

INFRASTRUCTURE COORDINATION AND FINANCE AGREEMENT

THIS INFRASTRUCTURE COORDINATION AND FINANCE AGREEMENT (this "Agreement") is entered into as of December 1, 2005 between Global Water Resources, LLC, a Delaware limited liability company ("Coordinator") and SVVM 80 Limited Partnership LLLP, an Arizona LLLP ("Landowner").

RECITALS

A. Coordinator is engaged in the business of, among other things, providing services or benefits to landowners, such as: (i) developing master utility plans for services including natural gas, electricity, cable television, Internet, intranet, and telecommunications; (ii) providing construction services for water and wastewater treatment facilities, and (iii) providing financing for the provision of infrastructure in advance of and with no guarantee of customer connections.

B. Coordinator is the owner of Santa Cruz Water Company, LLC ("SCW") and Palo Verde Utilities Company, LLC (PVU") and provides equity for its subsidiaries' capital improvements.

C. SCW and PVU are Arizona public service corporations. SCW and PVU have been issued certificates of convenience and necessity ("CC&N") by the Arizona Corporation Commission ("ACC") to provide water and waste water services (collectively the "Utility Services"), respectively in designated geographic areas within the State of Arizona.

D. Landowner is in the process of entitling and/or developing certain real property, as more fully described on Exhibit A hereto (the "Land") and, in connection therewith, desires (i) to engage Coordinator to provide various services including but not limited to arranging and coordinating for the Landowner the provision of Utility Services by SCW and PVU with respect to the Land, and (ii) to work with SCW and PVU to include the Land as part of a CC&N service area expansion for SCW and PVU, on the terms and conditions hereinafter set forth. Landowner may entitle and sell the land in multiple phases to entities for future development. Through Coordinator, Landowner has requested water and waste water services from SCW and PVU respectively; and, SCW and PVU have agreed to provide such services to Landowner. Coordinator shall use good faith efforts to provide "will serve" letters from SCW and PVU for Landowner and file for CC&N Approval within 21 days of execution of this Agreement.

E. The parties acknowledge that the expansion of the CC&N may not be finalized until such time as the appropriate Arizona Department of Water Resources ("ADWR"), Arizona Department of Environmental Quality ("ADEQ") and Central Arizona Association of Governments ("CAAG") permits and approvals are in place.

F. The parties acknowledge that it is a requirement of this Agreement for the Coordinator to facilitate a separate reclaimed water use and delivery agreement between Landowner and PVU for PVU to provide reclaimed water and for the Landowner to accept and utilize reclaimed water for purposes of irrigation for the peak and off peak periods.

G. The parties recognize and acknowledge that this Agreement is a financing and coordinating agreement only. The fees contemplated in this Agreement represent an approximation of the carrying costs associated with interest and capitalized interest associated with the financing of infrastructure for the benefit of the Landowner until such time as the rates associated with the provision of services within the areas to be served as contemplated by this Agreement generate sufficient revenue to carry the on going carrying costs for this infrastructure. Nothing in this Agreement should be construed as a payment of principal, a contribution or advance to the utilities and will bear no repayment of any kind or nature in the future.

H. The parties recognize, acknowledge and agree that this Agreement is contingent on a 35 acre wastewater treatment site located at the NWC of Section 27, Township 5 S, Range 4 E, being held in trust with specific instruction to deed to PVU immediately following the CC&N approval for the provision of water reclamation facilities and infrastructure.

I. The parties acknowledge that portions of the land to be developed do not have irrigated grandfather rights. The parties recognize, acknowledge and agree the Landowner is required to provide Type II water rights or CAP water rights sufficient to cover the irrigation requirements of the open space for the development and the irrigation requirements for a golf course development, if constructed. These water rights should be available ten years from the initial lake fills. The parties recognize, acknowledge and agree that the Coordinator will make good faith efforts to provide the development its pro-rata share of effluent as it is available.

J. The parties acknowledge that Coordinator and the City of Casa Grande ("City") are negotiating to allow Coordinator and its affiliates and subsidiaries (the "Providers") to provide water, wastewater and other utility services (the "Services") to Landowner's project to be developed on the Land. If for any reason within 60 days of signing this Agreement, the Coordinator and City cannot conclude negotiations in a manner which allows Providers to provide the Services contemplated by this Agreement, then this Agreement can become null and void at the Landowners election upon written notice to Coordinator. All funds paid by Landowner to Coordinator pursuant to this Agreement, if any, shall be returned within thirty (30) days of the termination of negotiations between City and Coordinator.

AGREEMENT

NOW, THEREFORE, the parties agree that the Recitals set forth above shall be incorporated into this Agreement as though fully set forth herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Obligations of Coordinator. Upon execution of this Agreement, Coordinator shall undertake good faith efforts to facilitate, arrange and /or coordinate with SCW and PVU, as necessary, to provide Utility Services to Landowner, including without limitation, obtaining all necessary permits and approvals from ACC, ADWR, ADEQ and CAAG to expand the CC&N of SCW and PVU to include the Land. Coordinator shall make good faith efforts to cause SCW and PVU to provide water source and storage as well as waste water treatment Utility Services to Landowner for the Land. Water and wastewater lines will be constructed to the property line of the Land and reclaimed water lines will be constructed to a water storage facility within the Land, at locations to be designated by Coordinator collectively (the "Delivery Point") in consultation with Landowner. In addition to other administrative services to be provided by Coordinator, Coordinator shall undertake good faith efforts to coordinate and provide access to utility agreements currently in place to benefit the Land. These utility agreements may include the provision of natural gas, electricity, telephone, cable television, Internet, and intranet services. Coordinator will use its good faith efforts to facilitate modifications to existing utility agreements (including agreements with utility service providers other than with SCW and PVU) to include the Land within the service areas of other utility service providers. Landowner acknowledges and agrees that nothing in this Agreement is intended to prohibit Coordinator, its successors or assigns or their respective subsidiaries or affiliates from investing in or owning companies formed for purposes of providing any one or more of the utility services contemplated in this Agreement. Landowner shall not be obligated to enter into any agreements with Coordinator, its successors or assigns, or their respective subsidiaries or affiliates to accept any utility services without Landowner's written approval, in Landowner's sole discretion.

2. Coordination with SCW and PVU. Coordinator shall make good faith efforts to arrange and obtain for Landowner the list of services on attached Exhibit D for Landowner from SCW and PVU to provide the services more fully described on Exhibit D hereto, subject to obtaining the applicable regulatory approvals. Landowner or any successor to Landowner desiring the delivery of Utility Services to any portion of the Land must enter into separate Water Facilities Extension and Wastewater Facilities Extension Agreements (the "Extension Agreements") with SCW and PVU, respectively, at the time any portion of the Land has received final plat approval from Pinal County and the approved plat has been recorded ("Plat Approval"). The Extension Agreements shall substantially be in the forms attached hereto as Exhibits E and F. Coordinator acknowledges that Land may be owned by an entity or person other than Landowner at the time of Plat Approval and the owner of the Land at that time shall negotiate the terms of the Extension Agreements.

3. Obligations of Landowner. Landowner agrees to cooperate with Coordinator as reasonably requested by Coordinator and agrees to provide all information and documentation about the Land reasonably necessary for Coordinator to comply with its obligations under this

Agreement. In addition, Landowner agrees to grant to SCW and/or PVU, as the case may be, all necessary easements and rights of way for the construction and installation and subsequent operation, maintenance and repair of the Utility Services. Such easements and rights of way shall be of adequate size, location and configuration so as to allow SCW and PVU ready and all weather access to all facilities for maintenance and repairs and other activities reasonably necessary to provide safe and reliable water and wastewater Utility Services. In addition, as and when Landowner is no longer utilizing any portion of the Land for farming activities requiring use of irrigation water and one or more Water Facilities Extension Agreement(s) has been entered into with respect to the Land, Landowner shall thereafter provide and transfer to SCW any and all water rights, except those water rights Landowner requires for use on the Land, which are owned by Landowner at the time of the signing of this Agreement, including, but not limited to, Grandfathered Irrigation Rights, and Type I Non-Irrigation Grandfathered Groundwater rights which run with or relate to the Land and which Coordinator and Landowner deem useful. Further, as and when Landowner is no longer utilizing any portion of the Land for farming activities requiring use of irrigation water and one or more Water Facilities Extension Agreement(s) has been entered into with respect to the Land, Landowner shall thereafter transfer and convey to SCW at no cost to SCW (or Coordinator) any wells on the Land that SCW, in its sole discretion after consultation with Landowner, deems useful for SCW, whether operational, abandoned, agricultural or otherwise. In addition, if SCW identifies well sites on the Land that SCW, in its sole discretion after consultation with Landowner, deems useful for SCW, Landowner shall cause such well sites to be identified on the Plat Approval and dedicated to SCW in fee, free of all liens, claims and encumbrances of any kind or nature whatsoever; provided that the well site location is not located within areas identified in the current or any approved preliminary plans as areas to be used for entrances, entry monumentation or public roadways. Any existing well sites not transferred to SCW are to be decommissioned at the Landowner's expense. Both parties acknowledge that until effluent is available for the Land, groundwater from wells on the Land may be utilized as well as CAP water. The Coordinator will use its reasonable efforts to obtain an Interim Use Permit with ADWR on behalf of the Landowner or the Landowner's homeowner association to allow the use of groundwater until effluent is available. Actual specific identifiable costs associated with completing the Interim Use Permit will be reimbursed by Landowner to Coordinator subject to written documentation of such costs. Such costs, not to exceed \$10,000, may include engineering plans prepared by Landowner's engineering firm for the benefit of ADWR subject to Landowner's prior written notice. As necessary, Landowner will provide for the deeding of up to two (2) acres of land per 640 acres of land, free and clear of all liens, claims or encumbrances (except as otherwise expressly agreed to by SCW) to SCW for the use of future water pumping, treatment and storage facilities in the general location identified on Exhibit B attached hereto. The exact location of all such facilities is to be determined by SCW with Landowner's approval.

4. Payment Obligations. Landowner, or its assigns in title and/or successors in title, shall pay Coordinator an interest and financing fee as full and final compensation to the Coordinator in consideration for its services and performance of its covenants and agreements contained in the Agreement, the sum of \$3,840.00 per equivalent residential and multi-family dwelling unit ("EDU") in the Land (the "Landowner Payment"). The portion of the Landowner Payment not paid concurrently with the execution of this Agreement shall be adjusted upward based on a CPI Factor, which is defined as the Consumer Price Index - United States City

Average – for All Urban Consumers – All Items published by the United States Department of Labor, Bureau of Labor Statistics (“Index”), with the Index for the month of January 2006 being treated as the base Index, plus two percent (2%). If the Index is discontinued or revised during the term of this Agreement, such other government index or computation with which it is replaced shall be utilized, and modified as necessary, to obtain substantially the same result as would be obtained if the Index had not been so discontinued or revised. For example, if the Landowner Payment was due in February 2007, the \$25 per EDU had been paid and the most current available Index was 187.3 and the Index for January 2006 was 182.5, the unpaid Landowner Payment per EDU would be calculated as follows: $\$3,815 \times 187.3/182.5 \times 1.02 = \$3,994$. If the payment to be made by Landowner pursuant to this Section 4 is due and owing pursuant to clause (ii) above prior to the Plat Approval, Coordinator shall reasonably calculate the Landowner Payment and Landowner shall make an initial payment based upon Coordinator’s reasonable calculation. Following each Plat Approval, Landowner (and any successor or assign in title to any interest in the Land) and Coordinator shall reconcile the amount paid pursuant to the preceding sentence with the actual Landowner Payment due and Landowner, and/or any successor or assign in title to any interest in the Land, as applicable, shall pay to Coordinator or Coordinator shall pay to Landowner and/or any successor or assign in title to any interest in the Land, as applicable, as the case may be, the amount necessary to reconcile such payment.

The following describes the timing of payments for Zoned residential and multi-family lots based on the base year price of \$3,840 per lot. Any additional amounts due for the CPI Factor is paid as each phase is final platted.

- Of this amount, \$25 per EDU for all property within the Land is payable upon signing of the Infrastructure Coordination Agreement. If any portion of the Land has not received Pinal County Planned Area Development (“PAD”) approval (“Approved”), the Landowner may enter into this Agreement, but not pay the initial \$25 fee until such time as such portion of the Land is Approved. At the time the County approves the PAD Application, then the initial \$25 fee per EDU is due and any other portion of the \$3,840 fee is due if it has been triggered by the terms of this Agreement.
- \$500 per EDU for all platted and/or Approved residential and multi-family lots is payable within fifteen (15) days in accordance with Exhibit C. The Landowner will notify the Coordinator by delivery to Coordinator of a written notice requesting that lines be extended in accordance with Exhibit C (the “Start Work Notice”). Which “Start Work Notice” shall notify Landowner when such work is commenced by SCW and/or PVU.
- At each final plat approval or at the time the CC&N expansion has been approved as is evidenced by the publication of a final decision and/or order from the ACC, whichever is later, \$3,315 per EDU is payable for all residential and multi-family EDU’s indicated on the final plat and \$250 is payable for remaining EDUs within the Land based on PAD approval.
- For the balance of the Approved but not platted residential EDUs to be final platted in the future, \$3,065 per residential and multi-family EDU is payable at final plat approval. The Coordinator will true-up any discrepancy with respect to the actual number of residential EDUs at final plat approval against Approved but not platted

residential EDUs estimated at the time of signing this Agreement. Either the Coordinator will pay the Landowner or the Landowner will pay the Coordinator that difference contemporaneous with the final payment as triggered by the last final plat parcel(s) approved within the Land. Other than the initial \$25 payment, no portion of the Landowner Payment shall be due for any portion of the Land that is not Approved for single family and multi-family residential use until such portion of the Land is subjected to a final site plan approved by Pinal County which Landowner shall reasonably pursue. Coordinator specifically understands and agrees that Landowner has no obligation to record final platting under this Agreement and such decision is left to Landowners' sole discretion.

- An example of how this would calculate for a section of land included in the CC&N with nothing other than 2,100 Approved residential EDUs developed in three phases of 700 EDUs each:

- \$25 times 2,100 EDUs or \$52,500 is due upon signing of the Infrastructure Coordination Agreement;
- \$500 times 2,100 EDUs or \$1,050,000 is due fifteen (15) days after Coordinator issues the Start Work Notice;
- \$3,315 times 700 EDUs, (based on the Approved residential and multi-family EDU's in the phase of the Land in which the first plat is approved) or \$2,320,500, plus \$250 times remaining 1,400 Zoned EDUs within the remainder of the Land, or \$350,000, for a total of \$2,670,500 is due at the first final plat approval, or at the time the CC&N expansion has been approved as is evidenced by the publication of a decision and/or order from the ACC whichever is the later;
- then, \$3,065 per EDU is payable as and when the remaining single family and multi-family lots are created by approved final plats.

Payments for commercial and industrial property are based on the \$12,480 base year price per acre and payable when the County approves the "Commercial or Industrial Site Plan". Amounts due for the CPI Factor for each acre is paid as land is subjected to a final approved site plan.

The parties acknowledge that additional fees will be billed to the commercial and industrial end user based upon the ultimate use of the land and fixtures thereon.

Fees payable to SCW and PVU, and reimbursement for certain costs and expenses incurred by Landowner with respect to the obtaining of Utility Services are not the subject of this Agreement and shall be paid and reimbursed to the appropriate parties in accordance with the Extension Agreements.

5. No Partnership. Coordinator is acting as an independent contractor pursuant to this Agreement. Nothing in this Agreement shall be interpreted or construed (i) to create an association, agency relationship, joint venture, or partnership among the parties or to impose any partnership obligation or liability upon either party, or (ii) to prohibit or limit the ability of Coordinator to enter into similar or identical agreements with other landowners, even if the

activities of such landowners may be deemed to be in competition with the activities or Landowner.

6. Default.

(a) Landowner shall be deemed to be in material default under this Agreement upon the expiration of ten (10) days, as to monetary defaults, and thirty (30) days, as to non-monetary defaults, following receipt of written notice from Coordinator specifying the particulars in which a default is claimed unless, prior to expiration of the applicable grace period (ten (10) days or thirty (30) days, as the case may be), such default has been cured. A default by Landowner under this Agreement shall constitute a default by Landowner under the Extension Agreements and a default by Landowner under the Extension Agreement(s) shall constitute a default under this Agreement.

(b) In the event Landowner is in default under this Agreement, the provisions hereof may be enforced by any remedy permitted by law for specific performance, injunction, or other equitable remedies in addition to any other remedy available at law or in equity. In this regard, in the event Landowner fails to pay any amount as and when due (including the Landowner Payment), which failure is not cured within ten (10) days after notice thereof in accordance with the provisions of Section 6(a) above, such delinquent amounts shall bear interest at the rate of fifteen percent (15%) per annum from the due date until paid. In addition, to the extent such sums remain unpaid following such ten (10) day period, Coordinator may claim a contractual lien for such sum, together with interest thereon as set forth above, which may be foreclosed against only that portion of the Land owned by the defaulting landowner in the manner prescribed by law for the foreclosure of realty mortgages; Coordinator agrees that as and when portions of the Property are sold, the obligations hereunder shall be bifurcated based on the land area sold and each landowner shall be solely (and not jointly) responsible for all sums owed with respect to the land areas that it owns and shall not have any obligation or liability for the failure of any other owner of any portion of the Land.

(c) Subject to the limitations described in the last sentence of the subsection (b) above, amounts owed but not paid when due by Landowner shall be a lien against the Land that the parties agree shall relate back to the date upon which an executed copy of this Agreement is recorded in the Pinal County Recorders Office along with a document entitled Preliminary Notice of Contractual Lien which sets forth:

- i. The Coordinator as lien claimant;
- ii. the name of the party or then owner of the property or interest against which the lien is claimed;
- iii. a description of the property against which the lien is claimed and
- iv. the amount of the lien.

(d) The lien shall take effect only upon recordation of a claim of contractual lien as described below in the office of the Pinal County Recorder by Coordinator, and shall relate back to the date when the Preliminary Notice of Contractual Lien and executed copy of the

Agreement were recorded, as set forth in paragraph (c) above. Coordinator shall give written notice of any such lien. The Notice and Claim of Contractual Lien shall include the following:

- i. The Coordinator as lien claimant.
- ii. The name of the party or then owner of the property or interest against which the lien is claimed.
- iii. A description of the property against which the lien is claimed.
- iv. A description of the default or breach that gives rise to the claim of lien and a statement itemizing the amount of the claim.
- v. A statement that the lien is claimed pursuant to the provisions of this Agreement and reciting the date of recordation and recorder's document number of this Agreement.
- vi. The notice shall be acknowledged, and after recordation, a copy shall be given to the person against whose property the lien is claimed in any manner prescribed under Section 15 of this Agreement. The lien may be enforced in any manner allowed by law, including without limitation, by an action to foreclose a mortgage or mechanic's lien under the applicable provisions of the laws of the State of Arizona.

(e) If the Landowner posts either (a) a bond executed by a fiscally sound corporate surety licensed to do business in the State of Arizona, or (b) an irrevocable letter of credit from a reputable financial institution licensed to do business in the State of Arizona reasonably acceptable to Coordinator, which bond or letter of credit (i) names Coordinator as the principal or payee and is in form satisfactory to Coordinator, (ii) is in the amount of one and one-half (1-½) times the claim of lien, and (iii) unconditionally provides that it may be drawn on by Coordinator in the event of a final judgment entered by a court of competent jurisdiction in favor of Coordinator, then Coordinator shall record a release of the lien or take such action as may be reasonably required by a title insurance company requested to furnish a policy of title insurance on such property to delete the lien as an exception thereto. Landowner shall post the bond or letter of credit by delivery of same to Coordinator. All costs and expenses to obtain the bond or letter of credit, and all costs and expenses incurred by Coordinator to record the lien, shall be borne by Landowner, unless Landowner is the prevailing party in any litigation challenging the claimed lien. If Landowner is the prevailing party, Coordinator shall pay/reimburse Landowner for all costs, fees and expenses associated with removing the lien, litigation regarding the lien and/or posting a bond.

7. Non Issuance of CC&N Expansion. In the event that Coordinator, SCW and PVU are unable to obtain all of the necessary approvals from the ACC, ADWR and ADEQ within eighteen (18) months of the execution of this Agreement or if such approvals are reversed or ultimately invalidated on appeal, which would allow for the Land to be included in the CC&N expansions of SCW and PVU, then the Landowner or Coordinator at either party's option may terminate this Agreement without recourse to either party. Should either party elect to terminate

this Agreement under this condition, any funds (other than the initial \$25 per EDU payment) paid by the Landowner to the Coordinator for purposes of progressing the construction of any necessary infrastructure are refundable at that time and become due and payable to the Landowner within fifteen (15) days of termination of this Agreement. Any fees collected at the time of the execution of this Agreement are expressly non refundable. In the event of termination of the Agreement, Coordinator shall remove or cause to be removed any registration of this Agreement with Pinal County and waive any lien rights it may have under this Agreement.

8. Attorneys' Fees. If any dispute arises out of the subject matter of this Agreement, the prevailing party in such dispute shall be entitled to recover from the other party its costs and expenses (including reasonable attorney's fees) incurred in litigating or otherwise resolving such dispute. The parties' obligations under this Paragraph 8 shall survive the closing under this Agreement.

9. Applicable Law; Venue; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona, notwithstanding any Arizona or other conflict-of-law provisions to the contrary. The parties consent to jurisdiction for purposes of this Agreement in the State of Arizona, and agree that Maricopa County, Arizona, shall be proper venue for any action brought with respect to this Agreement.

10. Interpretation. The language in all parts of this Agreement shall in all cases, be construed as a whole according to its fair meaning and not strictly for nor against any party. The section headings in this Agreement are for convenience only and are not to be construed as a part hereof. The parties agree that each party has reviewed this Agreement and has had the opportunity to have counsel review the same and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or any exhibits thereto. Except where specifically provided to the contrary, when used in this Agreement, the term "including" shall mean without limitation by reason of enumeration. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the person(s) or entity(ies) may require.

11. Counterparts. This Agreement shall be effective upon execution by all parties hereto and may be executed in any number of counterparts with the same effect as if all of the parties had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

12. Entire Agreement. This Agreement constitutes the entire integrated agreement among the parties pertaining to the subject matter hereof, and supersedes all prior and contemporaneous agreements, representations, and undertakings of the parties with respect to such subject matter. This Agreement may not be amended except by a written instrument executed by all parties hereto.

13. Additional Instruments. The parties hereto agree to execute, have acknowledged, and deliver to each other such other documents and instruments as may be reasonably necessary or appropriate to evidence or to carry out the terms of this Assignment.

14. Severability. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

15. Incorporation by Reference. Every exhibit, schedule and other appendix attached to this Agreement and referred to herein is hereby incorporated in this Agreement by reference.

16. Notices. Any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be delivered personally to the party to whom the same is directed or sent by registered or certified mail, return receipt requested, addressed to the addresses set forth on the signature page hereto. Any such notice shall be deemed to be delivered, given and received for all purposes as of the date so delivered if delivered personally, or three business days after the time when the same was deposited in a regularly maintained receptacle for the deposit of United States mail, if sent by registered or certified mail, postage and charges prepaid, or if given by any other method, upon actual receipt; provided that notwithstanding the foregoing, notice of any change of address shall be effective only upon actual receipt of such notice.

17. Binding Effect; Partial Releases. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective parties. This Agreement constitutes a covenant running with the land, shall be binding upon the Land for the benefit of Coordinator, its successors and assigns and any person acquiring any portion of the Land, upon acquisition thereof, shall be deemed to have assumed the obligations of Landowner arising from this Agreement with respect only to that portion of the Land acquired without the necessity for the execution of any separate instrument. Any person/entity acquiring any portion of the Land shall be given credit for all fees paid as required by this Agreement as if the acquiring person/entity paid said fees directly. If phases and/or parcels within the Land are sold individually, Coordinator will ensure that at such time as the Landowner Payment has been paid in full for that particular phase and/or parcel, Coordinator shall release this Agreement of record from that particular phase and/or parcel, without releasing the Agreement from any other portion of the Land for which the Landowner Payment has not been paid in full. It is the intent of this Agreement to release that portion of any lien which relates to parcels and or plats that are paid in full.

[Signatures are on the following page.]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above written.

COORDINATOR:

Global Water Resources, LLC
a Delaware Limited Liability Company

By: Cindy M. Giles
Cindy M. Giles
Vice-President

LANDOWNER:

SVVM 80 Limited Partnership LLLP
an ARIZONA LLLP

By: LKY Real Estate, LLC
an ARIZONA limited liability company

Its: Manager

By: [Signature]
Name: LARRY K YOON
Its: MANAGER

STATE OF ARIZONA)
) ss.
County of Maricopa)

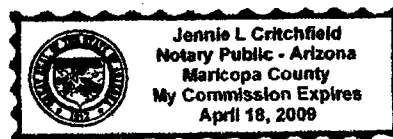
On December 28, 2005, before me, Jennie L. Critchfield,
a Notary Public in and for said state, personally appeared Cindy M. Liles, personally known to
me (or proved to me on the basis of satisfactory evidence) to be the persons whose names are
subscribed to the within instrument and acknowledged to me that they executed the same in their
authorized capacities, and that by their signatures on the instrument, the persons, or the entity
upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Jennie L. Critchfield
Notary Public in and for said State

My Commission Expires:

4/18/09



STATE OF ARIZONA)
) ss.
County of Maricopa)

On December 1, 2005, before me, Patricia G. Parker,
a Notary Public in and for said state, personally appeared Cathy K. Young,
personally known to me (or proved to me on the basis of satisfactory evidence) to be the persons
whose names are subscribed to the within instrument and acknowledged to me that they executed
the same in their authorized capacities, and that by their signatures on the instrument, the
persons, or the entity upon behalf of which the persons acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public in and for said State

Patricia G. Parker

My Commission Expires:

Sept. 10, 2006

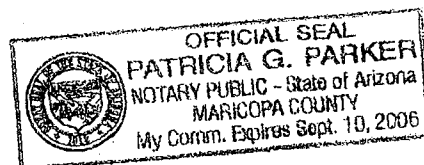


EXHIBIT A

INFRASTRUCTURE COORDINATION AGREEMENT

LEGAL DESCRIPTION OF LAND

**LEGAL DESCRIPTION
FOR
SVVM 80**

THE SOUTH HALF OF THE NORTHEAST QUARTER OF SECTION 29,
TOWNSHIP 5 SOUTH, RANGE 5 EAST, GILA & SALT RIVER BASE MERIDIAN,
PINAL COUNTY, ARIZONA.

EXHIBIT B
INFRASTRUCTURE COORDINATION AGREEMENT
DEVELOPMENT SITE PLAN

EXHIBIT C

INFRASTRUCTURE COORDINATION AGREEMENT

START WORK NOTICE

Landowner shall provide written notification to Coordinator six (6) months prior to when services are required by Landowner and/or Landowners' developer.

EXHIBIT D

INFRASTRUCTURE COORDINATION AGREEMENT

DESCRIPTION OF SCW AND PVU SERVICES TO BE COORDINATED BY COORDINATOR

SCW

- Expand the existing CC&N water service area to include the Land
- Prepare a master water plan with respect to the Land
- Confirm and or develop sufficient water plant and well source capacity for the Land
- Extend a water distribution main line to the Delivery Point
- Provide will-serve letters to applicable governmental agencies necessary for final plat approvals with a schedule of commitment dates personalized for the Land
- Obtain a 100-year assured water supply and Certificate of Designation required for final plat approvals and Department of Real Estate approvals
- Provide expedited final subdivision plat water improvement plan check and coordination with the Arizona Department of Environmental Quality for Approvals to Construct
- Obtain/Develop facilities extension agreement for construction of infrastructure within the Land (subject to reimbursement)

PVU

- Expand the existing CC&N wastewater service area to include the Land
- Prepare a master wastewater plan with respect to the Land
- Develop a master reclaimed water treatment, retention, and distribution plan including interim well water supply for lake storage facilities.
- Confirm and or develop sufficient wastewater plant capacity for the Land
- Extend a wastewater collection system main line to the Delivery Point
- Extend a reclaimed water line to a water storage facility within the Land
- Provide all permitting and regulatory approvals including but not limited to an Aquifer Protection Permit and Central Arizona Association of Governments (CAAG) 208 Water Quality Plan as necessary.
- Provide will-serve letters to applicable governmental agencies necessary for final plat approvals with a schedule of commitment dates personalized for the Land
- Provide expedited final subdivision plat wastewater improvement plan check and coordination with the Arizona Department of Environmental Quality for Approvals to Construct
- Obtain/Develop facilities extension agreement for construction of infrastructure within the Land (subject to reimbursement)

EXHIBIT E

INFRASTRUCTURE COORDINATION AGREEMENT

LINE EXTENSION AGREEMENT – SANTA CRUZ WATER COMPANY

WATER FACILITIES EXTENSION AGREEMENT

This Agreement is made this _____ day of _____, 2005 by and between SANTA CRUZ WATER COMPANY, L.L.C. an Arizona limited liability company (“Company”), and _____, an _____ (“Developer”).

RECITALS:

A. Developer desires that water utility service be extended to and for its real estate development located in Parcel ____ of _____ consisting of ____ (single family, multifamily, or commercial) lots, in Pinal County within the general vicinity of the City of Maricopa, Arizona (the “Development”). A legal description for the Development is attached hereto as Exhibit “A” and incorporated herein by this reference. The Development is located within Company’s Certificate of Convenience and Necessity (“CC&N”).

B. Company is a public service corporation as defined in Article XV, Section 2 of the Arizona Constitution which owns and operates water utility facilities and holds a CC&N from the Commission granting Company the exclusive right to provide water utility service within portions of Pinal County, Arizona.

C. Subject to the terms and conditions set forth hereinafter, Developer is willing to construct and install facilities within the Development necessary to extend water utility service to and within the Development, which facilities shall connect to the Company’s system as generally shown on the map attached hereto as Exhibit “B.” Company is willing to provide water utility

service to the Development in accordance with relevant law, including the rules and regulations of the Commission on the condition that Developer fully and timely perform the obligations and satisfy the conditions and requirements set forth below.

COVENANTS AND AGREEMENTS:

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Construction of Facilities.** Developer agrees to construct and install water distribution mains and pipelines, valves, booster stations, hydrants, fittings, service lines and all other related facilities and improvements necessary to provide water utility service to each lot or building within the Development as more particularly described in Exhibit "C" attached hereto and incorporated herein by this reference (referred to hereinafter as the "Facilities"). The Facilities shall connect to the Company's system at the point shown on the approved plans as generally depicted on the map attached hereto as Exhibit "B," and shall be designed and constructed within the Development in a manner which allows the provision of safe and reliable water utility service to each lot therein. Subject to the terms and conditions set forth herein (including, without limitation, Company's rights of plan review and approval and inspection of final construction), Developer shall be responsible for all construction activities associated with the Facilities, and Developer shall be liable for and pay when due all costs, expenses, claims and liabilities associated with the construction and installation of the Facilities.

2. **Construction Standards and Requirements.** The Facilities shall meet and comply with Company's standards and specifications, and all engineering plans and specifications for the Facilities shall be approved by Company and its engineers ("Company's

Engineer”), prior to the commencement of construction. Company and Company’s Engineer shall review the plans and specifications and shall provide any requirements or comments as soon as practicable. Developer shall require that its contractor be bound by and conform to the plans and specifications for the Facilities as finally approved by Company. The construction and installation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality (“ADEQ”), the Commission, and any other governmental authority having jurisdiction thereover.

3. **Right of Inspection; Corrective Action.** Company shall have the right to have Company’s Engineer inspect and test the Facilities at reasonable times during the course of construction as necessary to ensure conformance with plans and specifications. If at any time before the final acceptance by Company of the Facilities any construction, materials or workmanship are found to be defective or deficient in any way, or the Facilities fail to conform to this Agreement, then Company may reject such defective or deficient construction, materials and/or workmanship and require Developer to fully pay for all necessary corrective construction efforts (“Corrective Action”). Company reserves the right to withhold approval and to forbid connection of any defective portion of the Facilities to Company’s system unless and until the Facilities have been constructed in accordance with plans and specifications and all applicable regulatory requirements. Further, Developer shall promptly undertake any Corrective Action required to remedy such defects and deficiencies in construction, materials and workmanship upon receipt of notice by Company. The foregoing notwithstanding, Company shall not unreasonably withhold or delay acceptance of the Facilities.

4. **Transfer of Ownership.** Upon completion and approval of the as-built Facilities by Company and any other governmental authority whose approval is required, Developer shall

transfer all right, title and interest in the Facilities to Company via a bill of sale in a form satisfactory to Company. Thereafter, Company shall be the sole owner of the Facilities and be responsible for their operation, maintenance and repair. Company's ownership and responsibility shall include all distribution mains and/or related appurtenances within the Development up to the point of connection to the service line of each customer receiving service. Maintenance and repair of each service line, which lines are not part of the Facilities, shall be Developer's, the Development's or each individual customers' responsibility. All work performed by or on behalf of Developer shall be warranted by Developer for one year from the date of transfer of the Facilities to Company against defects in materials and workmanship. Developer shall also covenant, at the time of transfer, that the Facilities are free and clear of all liens and encumbrances, and unless the time period for filing lien claims has expired, shall provide evidence in the form of lien waivers that all claims of contractors, subcontractors, mechanics and materialmen have been paid and satisfied.

5. **Final As-Built Drawings and Accounting of Construction Costs.** Immediately following completion and approval of the Facilities, Developer shall provide Company with three sets of as-built drawings and specifications for the Facilities and a reproducible copy of such drawings. Developer shall also provide an accounting of the cost of constructing and installing the Facilities, which amount shall be refundable in accordance with paragraph 8, below. Company shall have no obligation to furnish service to the Development or to accept the transfer of the Facilities until Developer has complied with this paragraph.

6. **Easements.** Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate size, location,

and configuration so as to allow Company ready access to the Facilities for maintenance and repairs and other activities necessary to provide safe and reliable water utility service. Such easements and rights-of-way shall be provided to Company by Developer at the same time as Developer transfers ownership of the Facilities pursuant to paragraph 4, above. At the time of transfer, all easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

7. **Reimbursement for Engineering and Other Fees and Expenses.** Developer shall also reimburse Company for the costs, expenses and fees, including legal fees and costs that are incurred by Company for preparation of this Agreement, for reviewing and approving the plans and specifications for the Facilities to be constructed by Developer, for inspecting the Facilities during construction and other supervisory activities undertaken by Company, for obtaining any necessary approvals from governmental authorities (collectively the "Administrative Costs"). For such purpose, at the time of the signing of this Agreement, the Developer will pay an advance to the Company of Seven Thousand Five Hundred Dollars (\$7,500). Developer shall provide additional advances to Company, as may be requested by Company in writing from time-to-time, to reimburse Company for any additional Administrative Costs it incurs. All amounts paid to Company pursuant to this provision shall constitute advances in aid of construction and be subject to refund pursuant to paragraph 8, below.

8. **Refunds of Advances.** Company shall refund annually to Developer an amount equal to seven percent (7%) of the gross annual revenues received by Company from the provision of water utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August, commencing in the fourth

calendar year following the calendar year in which title to the Facilities is transferred to and accepted by Company and continuing thereafter in each succeeding calendar year for a total of twenty-two (22) years. No interest shall accrue or be payable on the amounts to be refunded hereunder, and any unpaid balance remaining at the end of such twenty-two year period shall be non-refundable. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder. For the purposes of this provision, the total amount of Developer's advances shall be equal to Developer's actual cost of constructing the Facilities, less the costs of any corrective action as defined in paragraph 3 above, the costs of curing any defects arising during the warranty period, as provided herein, and the costs of any unreasonable overtime incurred in the construction of the Facilities, above, and the amounts paid by Developer to Company for Administrative Costs pursuant to paragraph 7, above.

9. **Company's Obligation to Serve.** Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide water utility service to all customers within the Development in accordance with Company's tariffs and schedule of rates and charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements. However, Company shall have no obligation to accept and operate the Facilities in the event Developer fails to make any payment provided in this Agreement, fails to construct and install the Facilities in accordance with Company's standards and specifications and in accordance with the applicable rules and regulations of ADEQ, the Commission or any other governmental authority having jurisdiction thereover, or otherwise fails to comply with the terms and conditions of this Agreement. Developer acknowledges and understands that Company will not establish service to any customer within the Development until such time as

Company has accepted the transfer of the Facilities, and all amounts that Developer is required to pay Company hereunder have in fact been paid. The foregoing notwithstanding, the Company shall not terminate service to any customer within the Development to whom service has been properly established as a consequence of any subsequent breach or nonperformance by Developer hereunder.

10. **Liability for Income Taxes.** In the event it is determined that all or any portion of Developer's advances in aid of construction hereunder constituted taxable income to Company as of the date of this Agreement or at the time Company actually receives such advances hereunder, Developer will advance funds to Company equal to the income taxes resulting from Developer's advance hereunder. These funds shall be paid to Company within twenty (20) days following notification to Developer that a determination has been made that any such advances constitute taxable income, whether by virtue of any determination or notification by a governmental authority, amendment to the Internal Revenue Code, any regulation promulgated by the Internal Revenue Service, or similar change to any statute, rule or regulation relating to this matter. Such notification shall include documentation reasonably necessary to substantiate the Company's liability for income taxes resulting from the Developer's advances in aid of construction under this Agreement. In the event that additional funds are paid by Developer under this paragraph, such funds shall also constitute advances in aid of construction. In addition, Developer shall indemnify and hold Company harmless for, from and against any tax related interest, fines and penalties assessed against Company and other costs and expenses incurred by Company as a consequence of late payment by Developer of amounts described above.

11. **Notice.** All notices and other written communications required hereunder shall be sent to the parties as follows:

COMPANY:

Santa Cruz Water Company, L.L.C.
Attn: Cindy M. Liles, Vice President
22601 N. 19th Avenue
Suite 210
Phoenix, Arizona 85027

DEVELOPER:

Each party shall advise the other party in writing of any change in the manner in which notice is to be provided hereunder.

12. **Governing Law.** This Agreement, and all rights and obligations hereunder, shall be subject to and governed by the rules and regulations of the Commission relating to domestic water utilities and generally shall be governed by and construed in accordance with the laws of the State of Arizona. Developer understands and acknowledges that Company's rates and charges, and other terms and conditions applicable to its provision of utility service, may be modified from time-to-time by order of the Commission. Company shall provide Developer with copies of such orders that may affect Developer's rights and obligations hereunder.

13. **Time is of the Essence.** Time is and shall be of the essence of this Agreement.

14. **Indemnification: Risk of Loss.** Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Developer's failure to comply with any of the terms and conditions contained herein., including

(without limitation) Company's refusal to serve any unit within the Development based on Developer's failure to pay all amounts required hereunder in a timely manner. Developer's duty to indemnify Company shall extend to all construction activities undertaken by Developer, its contractors, subcontractors, agents, and employees hereunder.

15. **Successors and Assigns.** This Agreement may be assigned by either of the parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

16. **Dispute Resolution.** The parties hereto agree that each will use good faith efforts to resolve, through negotiation, disputes arising hereunder without resorting to mediation, arbitration or litigation.

17. **Integration: One Agreement.** This Agreement supersedes all prior agreements, contracts, representations and understandings concerning its subject matter, whether written or oral.

18. **Attorneys' Fees.** The prevailing party in any litigation or other proceeding concerning or related to this Agreement, or the enforcement thereof, shall be entitled to recover its costs and reasonable attorneys' fees.

19. **Authority to Perform.** Company represents and warrants to Developer that Company has the right, power and authority to enter into and fully perform this Agreement. Developer represents and warrants to Company that Developer has the right, power and authority to enter into and fully perform this Agreement.

DEVELOPER:

COMPANY:

SANTA CRUZ WATER COMPANY, L.L.C.
an Arizona limited liability company

By _____
Its _____

By _____
Cindy Liles
Its: Vice President

EXHIBIT "A"
Legal Description

520SS2

EXHIBIT "B"

Point(s) of Connection

EXHIBIT "C"

Water Facilities Budget

(Required to be completed by Developer prior to execution of agreement)

Item	QTY	UNIT	UNIT \$	TOTAL \$
8" C-900, Class 150 Water Main		LF		
8" Valve Box & Cover		EA		
Fire Hydrant, Complete		EA		
3 / 4" Double Water Service		EA		
3 / 4" Single Water Service		EA		
1 1/2' Landscape service		EA		
2" Landscape service		EA		
1" Landscape service		EA		
Subtotal				
Sales Tax				
Total				

EXHIBIT F

INFRASTRUCTURE COORDINATION AGREEMENT

LINE EXTENSION AGREEMENT – PALO VERDE UTILITIES COMPANY

SEWER FACILITIES EXTENSION AGREEMENT

This Agreement is made this _____ day of _____, 2005 by and between PALO VERDE UTILITIES COMPANY, L.L.C. an Arizona limited liability company (“Company”), _____, an _____ (“Developer”).

RECITALS:

A. Developer desires that sewer utility service be extended to and for its real estate development located in Parcel ____ of _____ consisting of ____ (single family, multi-family or commercial) lots, in Pinal County within the general vicinity of the City of Maricopa, Arizona (the “Development”). A legal description for the Development is attached hereto as Exhibit “A” and incorporated herein by this reference. The Development is located within Company’s Certificate of Convenience and Necessity (“CC&N”).

B. Company is a public service corporation as defined in Article XV, Section 2 of the Arizona Constitution which owns and operates a sewage treatment plant and collection system and holds a CC&N from the Commission granting Company the exclusive right to provide sewer utility service within portions of Pinal County, Arizona.

C. Developer is willing to construct and install facilities within the Development necessary to extend sewer utility service to and within the Development which facilities shall connect to the Company’s system as generally shown on the map attached hereto as Exhibit “B.” Company is willing to provide sewer utility service to the Development in accordance with relevant law, including the rules and regulations of the Commission on the condition that

Developer fully and timely perform the obligations and satisfy the conditions and requirements set forth below.

COVENANTS AND AGREEMENTS:

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Construction of Facilities.** Developer agrees to construct and install sewage collection mains, manholes, pumping stations and/or such other facilities and improvements necessary to provide sewer utility service to each lot or building within the Development as more particularly described in Exhibit "C" attached hereto and incorporated herein by this reference (referred to hereinafter as the "Facilities"). The Facilities shall connect to the Company's system at the point shown on the approved plans as generally depicted on the map attached hereto as Exhibit "B," and shall be designed and constructed within the Development in a manner which allows the provision of safe and reliable sewer utility service to each lot therein. Subject to the terms and conditions set forth herein (including, without limitation, Company's rights of plan review and approval and inspection of final construction), Developer shall be responsible for all construction activities associated with the Facilities, and Developer shall be liable for and pay when due all costs, expenses, claims and liabilities associated with the construction and installation of the Facilities.

2. **Construction Standards and Requirements.** The Facilities shall meet and comply with Company's standards and specifications, and all engineering plans and specifications for the Facilities shall be approved by Company and its engineers ("Company's Engineer") prior to the commencement of construction. Company and Company's Engineer

shall review the plans and specifications and shall provide any requirements or comments as soon as practicable. Developer shall require that its contractor be bound by and conform to the plans and specifications for the Facilities as finally approved by Company. The construction and installation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality ("ADEQ"), the Commission, and any other governmental authority having jurisdiction thereover.

3. **Right of Inspection; Corrective Action.** Company shall have the right to have Company's Engineer inspect and test the Facilities at reasonable times during the course of construction as necessary to ensure conformance with plans and specifications. If at any time before the final acceptance by Company of the Facilities any construction, materials or workmanship are found to be defective or deficient in any way, or the Facilities fail to conform to this Agreement, then Company may reject such defective or deficient construction, materials and/or workmanship and require Developer to fully pay for all necessary corrective construction efforts ("Corrective Action"). Company reserves the right to withhold approval and to forbid connection of any defective portion of the Facilities to Company's system unless and until the Facilities have been constructed in accordance with plans and specifications and all applicable regulatory requirements. Further, Developer shall promptly undertake any Corrective Action required to remedy such defects and deficiencies in construction, materials and workmanship upon receipt of notice by Company. The foregoing notwithstanding, Company shall not unreasonably withhold or delay acceptance of the Facilities.

4. **Transfer of Ownership.** Upon completion and approval of the as-built Facilities by Company and any other governmental authority whose approval is required, Developer shall transfer all right, title and interest in the Facilities to Company via a bill of sale in a form

satisfactory to Company. Company, in its sole discretion, may require Developer to conduct a video inspection of any of the Facilities prior to final approval and acceptance to ensure that no breaks or similar defects exist. Thereafter, Company shall be the sole owner of the Facilities and be responsible for their operation, maintenance and repair. Company's ownership and responsibility shall include all pumping stations, manholes, collection and transmission mains and/or related appurtenances within the Development up to the point of connection of the sewer line of each customer receiving service to the collection main. Maintenance and repair of each sewer service line, which lines are not part of the Facilities, shall be Developer's, the Development's or each individual customers' responsibility. All work performed by or on behalf of Developer shall be warranted by Developer for one year from the date of transfer of the Facilities to Company against defects in materials and workmanship. Developer shall also covenant, at the time of transfer, that the Facilities are free and clear of all liens and encumbrances, and unless the time period for filing lien claims has expired, shall provide evidence in the form of lien waivers that all claims of contractors, subcontractors, mechanics and materialmen have been paid and satisfied.

5. **Final As-Built Drawings and Accounting of Construction Costs.** Immediately following completion and approval of the Facilities, Developer shall provide Company with three sets of as-built drawings and specifications for the Facilities and a reproducible copy of such drawings. Developer shall also provide an accounting of the cost of constructing and installing the Facilities, which amount shall be refundable in accordance with paragraph 8, below. Company shall have no obligation to furnish service to the Development or to accept the transfer of the Facilities until Developer has complied with this paragraph.

6. **Easements.** Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate size, location, and configuration so as to allow Company ready access to the Facilities for maintenance and repairs and other activities necessary to provide safe and reliable sewer utility service. Evidence of such easements and rights-of-way shall be provided to Company by Developer at the same time as Developer transfers ownership of the Facilities pursuant to paragraph 4, above. At the time of transfer, all easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

7. **Reimbursement for Engineering and Other Fees and Expenses.** Developer shall also reimburse Company for the costs, expenses and fees, including legal fees and costs that are incurred by Company for preparation of this Agreement, for reviewing and approving the plans and specifications for the Facilities to be constructed by Developer, for inspecting the Facilities during construction and other supervisory activities undertaken by Company, for obtaining any necessary approvals from governmental authorities (collectively the "Administrative Costs"). For such purpose, at the time of the signing of this Agreement, the Developer will pay an advance to the Company of Seven Thousand Five Hundred Dollars (\$7,500). Developer shall provide additional advances to Company, as may be requested by Company in writing from time-to-time, to reimburse Company for any additional Administrative Costs it incurs. All amounts paid to Company pursuant to this provision shall constitute advances in aid of construction and be subject to refund pursuant to paragraph 8, below.

8. **Refunds of Advances.** Company shall refund annually to Developer an amount equal to two and one-half percent (2.5%) of the gross annual revenues received by Company from the provision of sewer utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August, commencing in the fourth calendar year following the calendar year in which title to the Facilities is transferred to and accepted by Company and continuing thereafter in each succeeding calendar year for a total of twenty-two (22) years. No interest shall accrue or be payable on the amounts to be refunded hereunder, and any unpaid balance remaining at the end of such twenty-two year period shall be non-refundable. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder. For the purposes of this provision, the total amount of Developer's advances shall be equal to Developer's actual cost of constructing the Facilities, less the costs of any corrective action as defined in paragraph 3 above, the costs of curing any defects arising during the warranty period, as provided herein, and the costs of any unreasonable overtime incurred in the construction of the Facilities, above, and the amounts paid by Developer to Company for Administrative Costs pursuant to paragraph 7, above.

9. **Company's Obligation to Serve.** Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide sewer utility service to all customers within the Development in accordance with Company's tariffs and schedule of rates and charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements. However, Company shall have no obligation to accept and operate the Facilities in the event Developer fails to make any payment provided in this Agreement, fails to construct and install the Facilities in accordance with Company's standards and specifications

and in accordance with the applicable rules and regulations of ADEQ, the Commission or any other governmental authority having jurisdiction thereover, or otherwise fails to comply with the terms and conditions of this Agreement. Developer acknowledges and understands that Company will not establish service to any customer within the Development until such time as Company has accepted the transfer of the Facilities, and all amounts that Developer is required to pay Company hereunder have in fact been paid. The foregoing notwithstanding, the Company shall not terminate service to any customer within the Development to whom service has been properly established as a consequence of any subsequent breach or nonperformance by Developer hereunder.

10. **Liability for Income Taxes.** In the event it is determined that all or any portion of Developer's advances in aid of construction hereunder constituted taxable income to Company as of the date of this Agreement or at the time Company actually receives such advances hereunder, Developer will advance funds to Company equal to the income taxes resulting from Developer's advance hereunder. These funds shall be paid to Company within twenty (20) days following notification to Developer that a determination has been made that any such advances constitute taxable income, whether by virtue of any determination or notification by a governmental authority, amendment to the Internal Revenue Code, any regulation promulgated by the Internal Revenue Service, or similar change to any statute, rule or regulation relating to this matter. Such notification shall include documentation reasonably necessary to substantiate the Company's liability for income taxes resulting from the Developer's advances in aid of construction under this Agreement. In the event that additional funds are paid by Developer under this paragraph, such funds shall also constitute advances in aid of construction. In addition, Developer shall indemnify and hold Company harmless for, from and against any tax

related interest, fines and penalties assessed against Company and other costs and expenses incurred by Company as a consequence of late payment by Developer of amounts described above.

11. **Notice.** All notices and other written communications required hereunder shall be sent to the parties as follows:

COMPANY:

Palo Verde Utilities Company, L.L.C.
Attn: Cindy M. Liles, Vice President
22601 N. 19th Avenue
Suite 210
Phoenix, Arizona 85027

DEVELOPER:

Each party shall advise the other party in writing of any change in the manner in which notice is to be provided hereunder.

12. **Governing Law.** This Agreement, and all rights and obligations hereunder, shall be subject to and governed by the rules and regulations of the Commission relating to domestic sewer utilities and generally shall be governed by and construed in accordance with the laws of the State of Arizona. Developer understands and acknowledges that Company's rates and charges, and other terms and conditions applicable to its provision of utility service, may be modified from time-to-time by order of the Commission. Company shall provide Developer with copies of such orders that may affect Developer's rights and obligations hereunder.

13. **Time is of the Essence.** Time is and shall be of the essence of this Agreement.

14. **Indemnification: Risk of Loss.** Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Developer's failure to comply with any of the terms and conditions contained herein, including (without limitation) Company's refusal to serve any unit within the Development based on Developer's failure to pay all amounts required hereunder in a timely manner. Developer's duty to indemnify Company shall extend to all construction activities undertaken by Developer, its contractors, subcontractors, agents, and employees hereunder.

15. **Successors and Assigns.** This Agreement may be assigned by either of the parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

16. **Dispute Resolution.** The parties hereto agree that each will use good faith efforts to resolve, through negotiation, disputes arising hereunder without resorting to mediation, arbitration or litigation.

17. **Integration: One Agreement.** This Agreement supersedes all prior agreements, contracts, representations and understandings concerning its subject matter, whether written or oral.

18. **Attorneys' Fees.** The prevailing party in any litigation or other proceeding concerning or related to this Agreement, or the enforcement thereof, shall be entitled to recover its costs and reasonable attorneys' fees.

19. **Authority to Perform.** Company represents and warrants to Developer that Company has the right, power and authority to enter into and fully perform this Agreement. Developer represents and warrants to Company that Developer has the right, power and authority to enter into and fully perform this Agreement.

DEVELOPER:

By _____
Its _____

COMPANY:

PALO VERDE UTILITIES COMPANY, L.L.C.,
an Arizona limited liability company

By _____
Cindy Liles
Its: Vice President

EXHIBIT "A"

Legal Description

EXHIBIT "B"

Point(s) of Connection

EXHIBIT "C"

Wastewater Facilities Budget

(Required to be completed by Developer prior to execution of agreement)

Item	QTY	UNIT	UNIT \$	TOTAL \$
8" SDR 35 Sewer Main		LF		
10" SDR 35 Sewer Main		LF		
4' Manhole		EA		
Sewer Cleanout		EA		
4" Sewer Service		EA		
Subtotal				
Sales Tax				
Total				

WMG - 3

WHEN RECORDED RETURN TO:

Global Water Resources, LLC
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

INFRASTRUCTURE COORDINATION AND FINANCE AGREEMENT

THIS INFRASTRUCTURE COORDINATION AND FINANCE AGREEMENT ("Agreement") entered into as of December 30, 2006, by and between Global Water Resources, LLC, a Delaware limited liability company (hereinafter "Coordinator"), and CHI Construction Company, an Arizona corporation (hereinafter "Landowner"), for the financing and coordination of utility infrastructure necessary to provide water and wastewater services to certain land owned by Landowner in Pinal County, Arizona, as shown on Exhibit A (hereinafter the "Land"), which is being developed as a master planned community known as Legends, and certain other parcels of land listed on Exhibit B (hereinafter the "Out Parcels") and located within the exterior boundaries of the Land which are not presently owned by Landowner but which may be acquired by Landowner, its affiliate D. R. Horton, Inc., or any of their respective subsidiaries and affiliates after execution of this Agreement. In this Agreement, the Coordinator and Landowner are sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

A. Coordinator is engaged in the business of, among other things, providing services or benefits to landowners, such as: (i) providing construction services for water and wastewater treatment facilities and infrastructure, and (ii) providing financing for the provision of water and wastewater treatment facilities and infrastructure in advance of and with no guarantee of customer connections.

B. Santa Cruz Water Company, LLC, ("SCW") and Palo Verde Utilities Company, LLC, ("PVU") are Arizona public service corporations authorized to provide water and wastewater services, respectively, within the geographic areas covered by certificates of convenience and necessity ("CC&Ns") issued by the Arizona Corporation Commission (the "ACC"). Coordinator is the owner of SCW and PVU and provides equity for the capital improvements of SCW and PVU. No portion of the Land or Out Parcels are located within the existing CC&Ns of SCW or PVU. Coordinator has an application pending to transfer the CC&Ns of SCW and PVU to corporate entities owned by Global Water, Inc. ("Global Inc."), a wholly owned subsidiary of Global Water Resources, LLC or Coordinator.

EXHIBIT # 5

C. Francisco Grande Utilities Company ("FG") is an Arizona public service corporation authorized to provide water and wastewater services within the geographic areas covered by its CC&Ns in Pinal County, Arizona, as shown on Exhibit C. A portion of the Land is located within the boundaries of the CC&N of FG as depicted on Exhibit C. Contemporaneous with the execution of this Agreement, Global Inc. and FG have entered into that certain Stock Purchase Agreement of even date herewith, (the "Francisco Grande Stock Purchase Agreement") whereby Global Inc. will acquire control of the water and wastewater CC&Ns of FG by purchasing all of the stock of FG (the "FG Stock").

D. CP Water Company ("CP") is an Arizona public service corporation authorized to provide water service within the geographic area covered by its CC&N in Pinal County, Arizona, as shown on Exhibit D. CP's CC&N is located entirely within the boundaries of the Land and the Out Parcels as depicted on Exhibit D. Contemporaneous with the execution of this Agreement, Global Inc. and Landowner have entered into that certain Sale and Purchase and Partial Funding Agreement of even date herewith, (the "Sale and Purchase and Partial Funding Agreement") whereby Global Inc. will acquire the control of the CC&N of CP by purchasing all of the stock of CP (the "CP Stock"). CP is a wholly-owned subsidiary of Landowner.

E. SCW, PVU, FG and CP are collectively referred to herein as the "Utilities." SCW, FG and CP are sometimes referred to collectively as the "Water Utilities." PVU and FG are sometimes referred to collectively as the "Wastewater Utilities." The water and wastewater services to be provided by the Utilities are collectively referred to herein as "Utility Services."

F. Landowner is in the process of entitling and/or developing the Land. A portion of the Land is presently included in the CC&Ns of FG, CP and Arizona Water Company ("AWC"). The balance of the Land is not included in any existing utility CC&N for water or wastewater service. Landowner may acquire, entitle and develop one or more of the Out Parcels listed on Exhibit B. In connection with the development of the Land and Out Parcels, Landowner desires (i) to engage Coordinator to provide various services including, but not limited to, arranging and coordinating for the Landowner the provision of Utility Services with respect to the Land, and if applicable, the Out Parcels, and (ii) to work with the Utilities to include uncertificated portions of the Land and, if applicable, Out Parcels as part of a CC&N service area expansion for the Utilities, on the terms and conditions hereinafter set forth. Landowner may entitle and sell the Land and, if applicable, Out Parcels in multiple phases to entities for future development. Through Coordinator, Landowner has requested Utility Services from the Utilities within their respective CC&Ns and any subsequent expansions thereof. Through Coordinator, the Utilities have agreed to provide Utility Services to the Land and the Out Parcels, if applicable.

G. The Parties acknowledge that the expansion of the CC&Ns may be conditioned on the issuance of appropriate permits and/or approvals by the Arizona Department of Water Resources ("ADWR"), Arizona Department of Environmental Quality ("ADEQ"), Pinal County, City of Casa Grande ("Casa Grande") and the Central Arizona Association of Governments ("CAAG").

H. The Parties acknowledge that the Out Parcels listed on Exhibit B are not currently included as part of the Land. The Parties further acknowledge that Out Parcels acquired by Landowner shall be covered under the terms and conditions of this Agreement.

I. The Parties acknowledge that PVU filed an application for CAAG 208 approval on December 30, 2005, with respect to the Land and the Out Parcels. CAAG 208 approval for the Land and the Out Parcels is anticipated by the end of the first quarter of 2007.

J. The Parties recognize that AWC has a CC&N to provide water service to a portion of the Land and/or Out Parcels as shown on Exhibit E (the "AWC CC&N Area"). The Parties acknowledge and agree that if any portion of the Land and/or Out Parcels within the AWC CC&N Area becomes certificated to the Water Utilities as a result of a sale, transfer, conveyance or swap of AWC's CC&N to the Water Utilities, then such area shall be governed by the pricing, terms and conditions of this Agreement.

K. The Parties recognize and acknowledge that this Agreement is a financing and coordinating agreement only. The Parties also recognize and acknowledge that \$500 per equivalent dwelling unit, which is part the Landowner Payment of \$3,600 as defined in Section 4.0 of this Agreement, will be utilized towards the purchase of FG and CP. The Landowner does not and will not have any ownership in FG and CP. The Landowner Payment, excluding the \$500 per equivalent dwelling unit utilized for the purchase of FG and CP, required and defined in Section 4.0 of this Agreement, represents an approximation of the carrying costs associated with interest and capitalized interest associated with the financing of water and wastewater infrastructure for the benefit of the Landowner until such time as the rates associated with the provision of Utility Services within the Land and, if applicable, Out Parcels generate sufficient revenue to carry the on going carrying costs for this infrastructure. Nothing in this Agreement should be construed as a payment of principal or a contribution or advance in aid of construction to the Utilities, and no Landowner Payment hereunder shall bear any repayment obligation of any kind or nature in the future; provided, however, that Landowner shall be entitled to certain credits against such fees as provided in Section 4(c) of this Agreement.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Obligations of Coordinator.

a. Upon execution of this Agreement, and subject only to the Utilities obtaining the applicable regulatory approvals, Coordinator shall:

(i) facilitate, arrange and coordinate with the appropriate Utilities to provide Utility Services to the Land and Out Parcels, if applicable, including without limitation, obtaining all necessary permits and approvals from ACC, ADWR, ADEQ, Pinal County, Casa Grande and CAAG, as well as filing and prosecuting necessary applications to expand the CC&Ns of the Utilities to include the Land and, if applicable, Out Parcels.

(ii) facilitate, arrange and coordinate appropriate "will serve" letters to be issued by the Utilities to Landowner for the Land as requested by Landowner no later than December 31, 2006 and to facilitate, arrange and coordinate with the appropriate Utilities for the submission of applications for extensions of their respective CC&Ns, as appropriate, to include the Land no later than January 31, 2007.

(iii) facilitate, arrange and coordinate appropriate "will serve" letters to be issued by the Utilities to Landowner for any Out Parcels acquired by Landowner no later than sixty (60) days after a written request for a "will serve" letter from Landowner, and to facilitate, arrange and coordinate with the appropriate Utilities to file applications for extensions of their respective CC&Ns, as appropriate, to include such Out Parcels within the next extension application filed by the Utilities following a written request by Landowner for service from the Utilities.

(iv) in accordance with the Master Water Plan for Legends prepared by CMX, LLC, dated November 2006 and sealed November 20, 2006, facilitate, arrange and coordinate with Water Utilities the construction and installation of all required water production (*i.e.*, wells and/or surface water delivery infrastructure), storage tanks and reservoirs, treatment facilities, pressurization infrastructure and transmission mains ("Transmission Mains") with a diameter of sixteen (16) inches or larger (collectively, the "Water Backbone Infrastructure") necessary for the Water Utilities to provide water Utility Services to customers who will reside or be located within the Land and, if applicable, Out Parcels, regardless of whether such Water Backbone Infrastructure is located inside or outside the boundaries of the Land or any Out Parcels. Landowner shall have the right, but not the obligation, to design, permit, install and/or construct the Transmission Mains located within the boundaries of the Land and, if applicable, Out Parcels. In the case of such an election, Landowner shall exercise good faith in procuring design, permitting, installation and construction services for a reasonable cost, and Coordinator shall arrange for the Water Utilities to reimburse Landowner for all costs of designing, permitting, installing and constructing (collectively, the "Large Transmission Main Construction Costs") those Transmission Mains with a diameter of sixteen (16) inches or larger as shown on Exhibit F within thirty (30) days after presentation of an invoice and appropriate construction lien releases by Landowner supporting the Large Transmission Main Construction Costs.

(v) in accordance with the Master Wastewater Plan for Legends prepared by CMX, LLC, dated November 2006 and sealed November 20, 2006 (the "Master Wastewater Plan"), facilitate, arrange and coordinate with Wastewater Utilities the construction and installation of all required wastewater treatment infrastructure and collection mains ("Collection Mains") with a diameter of fifteen (15) inches or larger (collectively, the "Wastewater Backbone Infrastructure") necessary for the Wastewater Utilities to provide wastewater Utility Services to customers who will reside or be located within the Land and, if applicable, Out Parcels, regardless of whether such Wastewater Backbone Infrastructure is located inside or outside the boundaries of the Land or any Out Parcels. Landowner shall have the right, but not the obligation, to design, permit, install and/or construct the Collection Mains located within the boundaries of the Land and, if applicable, Out Parcels. In the case of such an election, Landowner shall exercise good faith in procuring design, permitting, installation and construction services for a reasonable cost, and Coordinator shall arrange for the Wastewater Utilities to reimburse Landowner for all costs of designing, permitting, installing and constructing (collectively, the "Large Collection Main Construction Costs") those Collection Mains with a diameter of fifteen (15) inches or larger as shown on Exhibit G within thirty (30) days after presentation of an invoice and appropriate construction lien releases by Landowner supporting the Large Collection Main Construction Costs.

(vi) facilitate, arrange and coordinate with Wastewater Utilities the construction of a reclaimed water delivery line with a diameter not less than twelve (12) inches (the "Off-Site Reclaimed Water Line") from Utilities' wastewater treatment facilities to a point of connection ("Point of Connection") on the boundary of the Land as shown on Exhibit H.

(vii) facilitate, arrange and coordinate with Wastewater Utilities the construction and installation of a twelve-inch (12") reclaimed water delivery line (the "On-Site Reclaimed Water Line") connecting the Point of Connection to seven (7) integrated irrigation impoundments within the Land (the "Reclaimed Water Reservoirs") as shown on Exhibit H. Landowner shall have the right, but not the obligation, to design, permit, install and/or construct the On-Site Reclaimed Water Line. In the case of such an election, Landowner shall exercise good faith in procuring design, permitting, installation and construction services for a reasonable cost, and Coordinator shall arrange for the Wastewater Utilities to reimburse Landowner for all costs of designing, permitting, installing and constructing the On-Site Reclaimed Water Line (collectively, the "On-Site Reclaimed Water Line Construction Costs") within thirty (30) days after presentation of an invoice and appropriate construction lien releases by Landowner supporting the On-Site Reclaimed Water Line Construction Costs. Landowner shall be responsible for constructing the Reclaimed Water Reservoirs.

b. Coordinator shall facilitate, arrange and coordinate the construction of the Water Backbone Infrastructure, Wastewater Backbone Infrastructure and Off-Site Reclaimed Water Line in phases consistent with Landowner's development of the Land and Out Parcels, if applicable. Coordinator shall facilitate, arrange and coordinate with the Utilities to have Utility Services in place to Phase I ("Phase I") of the Land by October 31, 2007, as shown on Exhibit I.

c. In the event a lift station is required in order for the Wastewater Utilities to provide Wastewater Services to the Land or any Out Parcels, such lift station shall be constructed at a location mutually acceptable to the Wastewater Utilities and Landowner. All costs associated with the design, permitting and construction of such a lift station shall be borne by the Wastewater Utilities and not the Landowner.

d. Coordinator acknowledges and agrees on behalf of itself and the Utilities that Landowner may obtain water for pre-wetting, grading, compacting, trenching, back-filling and all other construction activities (collectively, "Construction Water") necessary for the construction of the first 3,745 EDUs on the Land from: (i) any wells owned or controlled by Landowner; (ii) the Central Arizona Project ("CAP"); and/or (iii) any irrigation district authorized to deliver water to the Land. For all EDUs constructed subsequent to the first 3,745 EDUs, Landowner shall purchase Construction Water from the Utilities and Coordinator shall facilitate, arrange and coordinate with Utilities the delivery of Construction Water ("Utility-Delivered Construction Water") to Landowner from (i) wells owned or controlled by Landowner or Utilities; (ii) the CAP; (iii) any irrigation district authorized to deliver water to the Land; and/or (iv) one or more wastewater treatment plants operated by Utilities and delivered through a reclaimed water line. The rates charged by Utilities for Utility-Delivered Construction Water shall be, as applicable, the following: (i) \$250 per acre-foot for CAP water or water obtained from an irrigation district, which rate shall be fixed so long as Landowner is developing the Land; (ii) Utilities' then-current tariffed rate for reclaimed water (also known as treated effluent)

or for water delivered directly from wells owned by Landowner or Utilities to Landowner's Construction Water storage facilities (which rate is currently \$100 per acre-foot); or (iii) Utilities' then-current tariffed rate for water from a pressurized hydrant or potable water main (which rate is currently \$3.60 per thousand gallons). If at any time the Utilities are unable to supply Construction Water to Landowner pursuant to this Section 1(d), then Landowner shall have the right to obtain Construction Water from any other source during such time as Utilities are unable to supply Construction Water.

2. Coordination with the Utilities. Subject only to the Utilities obtaining the applicable regulatory approvals, Coordinator shall facilitate, arrange and coordinate for Landowner the list of services described on Exhibit J attached hereto. Landowner or any successor to Landowner requesting the delivery of Utility Services to any portion of the Land or any Out Parcels must enter into separate water facilities extension agreements ("Water Facilities Extension Agreements") and wastewater facilities extension agreements ("Wastewater Facilities Extension Agreements") (collectively, "Extension Agreements") with the Utilities at the time such portion of the Land or any Out Parcels has received final plat approval from Pinal County or the City of Casa Grande and the approved plat has been recorded ("Plat Approval"). The Extension Agreements shall be substantially in the forms attached hereto as Exhibits K and L.

3. Obligations of Landowner.

a. Landowner shall be responsible for constructing the Reclaimed Water Reservoirs.

b. Landowner shall be responsible for constructing the facilities which Landowner elects to construct, if any, under Sections 1(a)(iv), 1(a)(v) and/or 1(a)(vii) of this Agreement.

c. Landowner agrees to cooperate with Coordinator as reasonably requested by Coordinator and agrees to provide all information and documentation about the Land and any Out Parcels reasonably necessary for Coordinator to comply with its obligations under this Agreement.

d. Landowner agrees to grant to the Utilities all necessary easements and rights-of-way (collectively, the "Easements") for the construction and installation and subsequent operation, maintenance and repair of utility facilities within the Land or any Out Parcels to the extent that such utility facilities will not be located entirely within dedicated utility easements depicted on recorded plats. Any Easements granted to Utilities by Landowner under this Section shall be of adequate size, location and configuration so as to allow the Utilities ready and all-weather access to all utility facilities located within the Easements for maintenance and repairs and other activities reasonably necessary to provide safe and reliable Utility Services.

e. As and when (i) Landowner is no longer utilizing a parcel of Land or Out Parcels for farming or other activities requiring the use of irrigation water or other water where Irrigation Grandfather Rights or Type 1 Non-Irrigation Rights exist; and (ii) a Water Facilities Extension Agreement has been entered into with respect to such parcel of Land or any Out Parcels, then Landowner shall thereafter cooperate with the Utilities in the extinguishment or

retirement of the Irrigation Grandfathered Right and/or Type 1 Non-Irrigation Grandfathered Right (collectively, the "Grandfathered Right") appurtenant to such Land or Out Parcels. Any extinguishment credits from Grandfathered Rights extinguished pursuant to this Section 3(e) shall be transferred by Landowner to the Utilities, at no cost to the Utilities or Coordinator, as directed by Coordinator. Nothing in this Section 3(e) shall prevent Landowner from using its wells within the Land or any Out Parcels or any Grandfathered Right to provide water for construction activities, irrigation, or other purposes as and when needed by Landowner.

f. As and when (i) Landowner is no longer utilizing a parcel of Land or Out Parcels for farming or other activities requiring the use of irrigation water or other water; (ii) a Water Facilities Extension Agreement has been entered into with respect to such parcel of Land or any Out Parcels; and (iii) the parcel of Land or any Out Parcels is or has been included in the CC&Ns of the Utilities, then Landowner shall thereafter transfer and convey to the Utilities, at the direction of Coordinator and at no cost to the Utilities or Coordinator, any wells existing as of the date of this Agreement on the Land or any Out Parcels that the Utilities in their sole discretion deem useful to the Utilities, whether operational, abandoned, agricultural or otherwise. To the extent that Landowner needs any well or wells for irrigation water, construction water or for other purposes, Landowner shall retain an undivided interest in such well or wells until such time as Landowner no longer needs water from the well or wells; provided however, the Landowner maintains responsibility for the operations and maintenance of the well or wells including electricity and the Utilities have not incurred costs to improve the condition of the well or wells. Coordinator shall facilitate, arrange and coordinate with the Utilities the performance, at the Utilities' sole expense, of all studies necessary to determine which wells within the Land or any Out Parcels existing on the date of this Agreement the Utilities desire to obtain (the "Requested Wells"), and Coordinator shall notify Landowner of such determination as soon as practicable after execution of this Agreement so that Landowner can proceed with the planning of development of the Land. Landowner shall cause each Requested Well and a well site ("Well Site"), as hereinafter specified, to be identified on recorded final plats approved by Pinal County or the City of Casa Grande and dedicated to the Utilities in fee, subject to all matters of record (including, without limitation, liens for current taxes and general assessments and non-delinquent homeowners association ("HOA") assessments, if any, but excluding financing encumbrances arising from any deeds of trust, mortgages, or other liens executed by Landowner against the Land or any Out Parcels); provided that Landowner shall not be required to convey to Utilities any Requested Well and Well Site which is located within areas identified in the current or any approved preliminary plans as areas to be used for entrances, entry monumentation or public roadways. Well Site dimensions shall be a minimum of eighty (80) feet by eighty (80) feet (or equivalent) unless otherwise specifically agreed to in writing by Landowner. Utilities shall use best efforts to locate any such Well Sites within the Land or any Out Parcels in such a way so as to minimize, to the extent reasonably possible, disruption to Landowner's development plan for the Land. Any wells not transferred to the Utilities may be retained by Landowner or abandoned at Landowner's expense, at the sole discretion of Landowner.

g. Nothing contained in this Agreement shall grant or convey to Coordinator any right or interest in any Type 2 Non-Irrigation Grandfathered Rights owned by Landowner, and all such rights shall be retained by Landowner as its personal property.

h. The Parties anticipate that the water demand for turf and xeriscaped

areas (including any golf courses), common areas, ornamental lakes and water features within the Land or any Out Parcels will exceed the quantity of water available through the extinguishment or retirement of Landowner's Grandfathered Rights, and that a shortfall (the "Shortfall") will exist. Coordinator shall use its best efforts to obtain an interim use permit ("IUP") from ADWR on behalf of Landowner or Landowner's HOAs, if applicable, to allow the use of groundwater to fill Reclaimed Water Reservoirs until sufficient reclaimed water is available. Specific identifiable costs associated with completing the IUP will be reimbursed by Landowner to Coordinator subject to written documentation of such costs. Such costs may include engineering plans prepared by Coordinator or Landowner's engineering firm for the benefit of ADWR, subject to Landowner's prior written approval. The ongoing renewal costs and annual reporting associated with the maintenance of the IUP shall be borne by the Landowner or the designated HOA as appropriate. Until such time as reclaimed water is available from the Wastewater Utilities to make up the Shortfall, Landowner shall, at Landowner's option: (i) provide one or more Type 2 Non-Irrigation Grandfathered Rights; or (ii) purchase or cause to be purchased excess Central Arizona Project water to be wheeled to the Land through Central Arizona Irrigation and Drainage District laterals and delivered through the Wastewater Utilities' reclaimed water lines. The ongoing costs and annual reporting fees associated with the use of one or more Type 2 Non-Irrigation Grandfathered Rights or excess Central Arizona Project water shall be borne by the Landowner or the designated HOA as appropriate.

i. Landowner shall deed a single parcel of up to twenty (20) acres within the Land as shown on the map attached hereto as Exhibit M (the "Water Infrastructure Site"), subject to all matters of record (including, without limitation, liens for current taxes and general assessments and non-delinquent HOA assessments, if any, but excluding financing encumbrances arising from any deeds of trust, mortgages, or other liens executed by Landowner against the Land), to SCW for use as a future water and wastewater reclamation treatment facility.

j. Landowner and/or one or more HOAs operating within the Land or any Out Parcels shall make commercially reasonable efforts to use reclaimed water delivered to the Land and Out Parcels by the Utilities as currently contemplated on Exhibit H. To the extent it is commercially reasonable, Landowner will provide necessary appurtenant facilities mutually acceptable to Landowner and the Utilities for reclaimed water storage, metering from Reclaimed Water Reservoir, distribution and irrigation for common areas, entry monumentation areas and/or park sites within the Land and Out Parcels. In addition, Landowner and/or any HOAs operating within the Land and any Out Parcels shall have the right, but not the obligation, to use reclaimed water delivered by the Wastewater Utilities for all other common areas within the Land and any Out Parcels. As contemplated in Section 3.h. above and in the event there is insufficient reclaimed water to satisfy the turf and xeriscape irrigation needs within the Land and Out Parcels, the Wastewater Utilities shall supplement the shortfall with groundwater or excess Central Arizona Project water at the same cost as the Wastewater Utilities' tariff rate for reclaimed water.

k. Landowner, golf course and/or one or more HOAs operating within the Land or any Out Parcels shall use good faith efforts to work with the Utilities to locate areas throughout the Land suitable for the construction and installation of recharge and recovery wells.

The Parties recognize and acknowledge the quantity of water recharged and recovered will be used to help reduce the Shortfall.

4. Financial Terms.

a. Subject to credits due Landowner by Coordinator pursuant to the Sale and Purchase and Partial Funding Agreement, Landowner or its assigns in title and/or successors in title shall pay Coordinator an interest and financing fee (the "Landowner Payment") for each equivalent dwelling unit ("EDU") within the Land or any Out Parcels as full and final compensation to Coordinator in consideration for its services and performance of its covenants and agreements contained in this Agreement. The amount of the Landowner Payment shall be: (i) \$3,600.00 per single-family EDU within that portion of the Land or any Out Parcels located outside of the AWC CC&N Area; (ii) \$3,150.00 per multi-family EDU within that portion of the Land or any Out Parcels located outside of the AWC CC&N Area; (iii) \$2,400.00 per single family EDU within that portion of the Land or any Out Parcels located within the AWC CC&N Area; and (iv) \$2,100.00 per multi-family EDU within that portion of the Land or any Out Parcels located within the AWC CC&N Area. There are no planned multi-family EDUs in the first 2,000 EDUs, and the first 2,000 EDUs are located outside of the AWC CC&N Area.

b. The Landowner Payment for EDUs 1 through 2,000 totaling \$7,200,000 shall be due in accordance with the following payment schedule, which is based upon construction by Utilities of specific utility infrastructure (the "Phase I Infrastructure") listed on Exhibit N (the "Phase I Infrastructure Construction Schedule"):

(i) \$882,411 shall be paid within fourteen (14) days of execution of this Agreement.

(ii) \$1,183,265 shall be paid on or before September 30, 2007 (relating to the WRF Expansion line item on the Phase I Infrastructure Construction Schedule).

(iii) \$5,134,324 shall be paid in monthly installments within twenty-one (21) days after the applicable Coordinator Certification, as hereinafter defined, based upon the Phase I Infrastructure Construction Schedule but subject to the following conditions:

(a) For any amount payable pursuant to the Phase I Infrastructure Construction Schedule which is based upon commencement of construction by Utilities, such payment shall not be due unless and until construction has actually commenced as evidenced by a copy of the notice to proceed issued to the various contractor(s) from the Utilities authorizing the contractors(s) to begin work based upon applicable contracts.

(b) For any amount payable pursuant to the Phase I Infrastructure Construction Schedule which is based upon construction by Utilities of Phase I Infrastructure reaching 33% completion, such payment shall not be due unless and until construction of the Phase I Infrastructure has actually reached 33% completion as evidenced by a certification provided by Coordinator, together with such supporting documentation as Landowner may reasonably require (the "Coordinator Certification").

(c) For any amount payable pursuant to the Phase I

Infrastructure Construction Schedule which is based upon construction by Utilities of Phase I Infrastructure reaching 66% completion, such payment shall not be due unless and until construction of the Phase I Infrastructure has actually reached 66% completion as evidenced by a Coordinator Certification.

(d) For any amount payable pursuant to the Phase I Infrastructure Construction Schedule which is based upon substantial completion of construction ("Substantial Completion") of Phase I Infrastructure by Utilities, such payment shall not be due unless and until construction of the Phase I Infrastructure has actually reached Substantial Completion as evidenced by a Coordinator Certification. For purposes of this Agreement, "Substantial Completion" shall mean the time at which the Phase I Infrastructure has progressed to the point where it is sufficiently complete and can be utilized for the purposes for which it is intended and the Utilities have the legal ability to use such Phase I Infrastructure to provide Utility Services to customers within Phase I.

c. The Landowner Payment for each EDU of the next 1,745 EDUs after the first 2,000 EDUs shall be payable on the earlier of (i) the time a final plat is approved covering the EDUs; or (ii) December 31, 2007, provided, however, that no Landowner Payment shall be due under this Section 4(c) unless and until the Phase I Infrastructure has reached Substantial Completion.

d. The Landowner Payment for each EDU in excess of 3,745 shall be due at the time a final plat is approved covering the EDU.

e. Under the terms of the Sale and Purchase and Partial Funding Agreement, Landowner is owed a credit (the "Landowner Credit") against applicable Landowner Payments in the total amount of \$6,050,000, such credit to be applied against the Landowner Payments commencing with the 2,001st EDU until the credit is exhausted. The Landowner Credit shall be applied by (i) issuing a \$1,000 credit against the Landowner Payment due for each single-family or multi-family EDU within the Land or any Out Parcels which is outside the AWC CC&N Area; and (ii) issuing a \$500 credit against the Landowner Payment due for each single-family or multi-family EDU within the Land or any Out Parcels which is inside the AWC CC&N. Landowner Credits shall be applied to EDUs as provided herein until the Landowner Payment has been fully repaid, subject applicable credits for any \$1,000 reimbursement payments received by Landowner under Section 4 of the Sale and Purchase and Partial Funding Agreement based on fees collected by Global Water Resources for dwelling units outside the Land or any Out Parcels but within the CC&N of FG.

f. The applicable Landowner Payment for EDU's in excess of 8,051 shall be adjusted upward based on a CPI Factor, which is defined as the Consumer Price Index - United States City Average - for All Urban Consumers - All Items published by the United States Department of Labor, Bureau of Labor Statistics (the "Index"), with the Index for the month of January 2007 being treated as the base Index, plus two percent (2%). If the Index is discontinued or revised during the term of this Agreement, such other government index or computation with which it is replaced shall be utilized, and modified as necessary, to obtain substantially the same result as would be obtained if the Index had not been so discontinued or revised. For example, if the Landowner Payment was due in February 2008 and the most current available Index was

187.3 and the Index for January 2007 was 182.5, the unpaid Landowner Payment per EDU would be calculated as follows: $\$3,600 \times 187.3/182.5 = \$3,695$.

g. Landowner shall notify Coordinator in writing at the time a final plat is recorded covering EDUs within the Land or any Out Parcels and shall provide a copy of the recorded plat to Coordinator. Upon receipt of such notification, Coordinator shall true-up any discrepancy between the actual number of residential EDUs at final plat recordation and the number of EDUs at the time of final plat approval. In the event that the number of EDUs at final plat recordation is greater than the number of EDUs at final plat approval, Coordinator shall submit an invoice to Landowner setting forth the final number of EDUs and the balance of the Landowner Payment due Coordinator. Landowner shall pay such invoice within thirty (30) days of the date of the invoice. In the event that the number of EDUs at final plat recordation is less than the number of EDUs at final plat approval, then Coordinator shall make an appropriate refund of the Landowner Payment to Landowner based upon the final number of EDUs within thirty (30) days of the date Coordinator receives written notice from Landowner of the recordation of a final plat. In the event that some portion of the Land or any Out Parcels is sold and transferred to an unaffiliated third party before this payment is due, then the payment amount will be held in an escrow until Coordinator satisfies its obligation under the terms of this Agreement. Coordinator specifically understands and agrees that Landowner has no obligation to record a final plat under this Agreement and such decision is left to Landowner's sole discretion.

h. For the purposes of this Section 4, the number of EDUs within the Land and any Out Parcels shall be calculated as follows: (i) each single family residential lot included in the final plat approval shall constitute one (1) EDU and (ii) each gross acre of commercial or industrial property included in the final plat approval shall constitute 4.8 EDUs. An example of how this would calculate for a commercial or industrial section of the Land or Out Parcels with 30 acres in size would be as follows:

\$3,600 plus the CPI Factor x 30 acres x 4.8 EDU/acre or \$518,400 is due and payable when Casa Grande approves the Commercial or Industrial Site Plan for the 30 acres. If the Commercial or Industrial Site Plan approval only relates to 15 of the 30 acres, then \$3,600 plus the CPI Factor x 15 acres x 4.8 EDU/acre or \$259,200 is due and payable when Casa Grande approves the Commercial or Industrial Site Plan for the 15 acres. The balance of the \$3,600 plus the CPI Factor due for the remaining acreage is due when Casa Grande approves the Commercial or Industrial Site Plan for such acreage.

The Parties acknowledge that additional fees, primarily wastewater loading fees, will be billed to the commercial and industrial end user based upon the ultimate use of the Land and any Out Parcels and fixtures thereon, consistent with the Utilities' code of practice currently in effect.

i. Fees payable to the Utilities pursuant to Extension Agreements and reimbursement for certain costs and expenses incurred by Landowner with respect to the obtaining of Utility Services are not the subject of this Agreement and shall be paid and reimbursed to the appropriate parties in accordance with the Extension Agreements.

5. No Partnership. Coordinator is acting as an independent contractor pursuant to this Agreement. Nothing in this Agreement shall be interpreted or construed (i) to create an association, agency relationship, joint venture, or partnership among the Parties or to impose any partnership obligation or liability upon either Party, or (ii) to prohibit or limit the ability of Coordinator to enter into similar or identical agreements with other landowners, even if the activities of such landowners may be deemed to be in competition with the activities of Landowner.

6. Landowner Default.

a. As to any monetary default, Landowner shall be deemed to be in default under this Agreement upon the expiration of ten (10) days following receipt of written notice from Coordinator specifying the basis upon which the monetary default is claimed unless, prior to the expiration of ten (10) days following receipt of such written notice, Landowner cures the monetary default.

b. As to any non-monetary default, Landowner shall be deemed to be in default under this Agreement upon the expiration of thirty (30) days following receipt of written notice from Coordinator specifying the basis upon which the non-monetary default is claimed unless, prior to the expiration of thirty (30) days following receipt of such written notice, Landowner cures the non-monetary default, or if such non-monetary default cannot reasonably be cured in thirty (30) days, Landowner commences and continues with good faith efforts to cure such non-monetary default and subsequently cures such non-monetary default not later than ninety (90) days following the date of the written notice of default.

c. A default by Landowner under this Agreement shall constitute a default by Landowner under the Extension Agreements, but a default by Landowner under an Extension Agreement shall not constitute a default under this Agreement.

d. In the event Landowner is in default under this Agreement, the provisions hereof may be enforced by any remedy permitted by law for specific performance, injunction, or other equitable remedies in addition to any other remedy available at law or in equity. In the event Landowner fails to pay any amount as and when due (including the Landowner Payment), which failure is not cured within ten (10) days after notice thereof in accordance with the provisions of Section 6(a) above, such delinquent amounts shall bear interest at the rate of fifteen percent (15%) per annum from the due date until paid. Subject to Section 22 below, and to the extent such sums remain unpaid following such ten (10) day period, Coordinator may claim a contractual lien for such sum, together with interest thereon as set forth above. Coordinator may then foreclose said contractual lien against only those lots on the Land, and not the entire plat, then owned by Landowner for which such sum is due, in the manner prescribed by law for the foreclosure of realty mortgages. Subject to Section 22 below, Coordinator agrees that as and when portions of the Land or any Out Parcels are sold, the obligations hereunder shall be bifurcated based on the land area sold. Each landowner shall be responsible for all sums owed hereunder with respect to the land areas that such landowner owns, and shall not have any obligation or liability for the failure of any other owner of any portion of the Land or any Out Parcels. Likewise, Landowner shall not be liable for any payments due Coordinator hereunder

after the date of such a sale, nor shall Landowner be liable to Coordinator for any default of any new landowner.

e. Subject to the limitations described in the foregoing Section 6(d) above and subject to Section 22 below, if the Landowner monetarily defaults under this Agreement, as defined in Section 6(a) above, said monetary default shall be a lien against the portions of the Land and Out Parcels for which such sum is due (and not against any other parcel of Land), in the amount owed by Landowner to Coordinator under the terms of this Agreement. The Parties agree that said lien shall relate back to the date upon which an executed copy of this Agreement is recorded in the Pinal County Recorder's Office. The monetary lien described in this Section 6(e) shall be released from any tract of the Land and any Out Parcels subsequently conveyed to an HOA or dedicated to any governmental entity, public utility or as a Public Lot defined in Section 22 below.

f. The lien described in this Section 6 shall take effect only upon recordation of a claim of contractual lien as described below in the office of the Pinal County Recorder by Coordinator, and shall relate back to the date when the executed copy of this Agreement were recorded, as set forth in Section 6(e) above. Coordinator shall give written notice of any such lien. The Notice and Claim of Contractual Lien shall include the following:

- (i) The name of the lien claimant.
- (ii) The name of the party or then owner of the property or interest against which the lien is claimed.
- (iii) A description of the property against which the lien is claimed.
- (iv) A description of the default or breach that gives rise to the claim of lien and a statement itemizing the amount of the claim.
- (v) A statement that the lien is claimed pursuant to the provisions of this Agreement and reciting the date of recordation and recorder's document number of this Agreement.
- (vi) The notice shall be acknowledged, and after recordation, a copy shall be given to the person against whose property the lien is claimed in any manner prescribed under Section 20 of this Agreement. The lien may be enforced in any manner allowed by law, including without limitation, by an action to foreclose a mortgage or mechanic's lien under the applicable provisions of the laws of the State of Arizona.

g. If Landowner posts either (a) a bond executed by a fiscally sound corporate surety licensed to do business in the State of Arizona, or (b) an irrevocable letter of credit from a reputable financial institution licensed to do business in the State of Arizona reasonably acceptable to Coordinator, which bond or letter of credit (i) names Coordinator as the principal or payee and is in form satisfactory to Coordinator, (ii) is in the amount of one and one-half (1-1/2) times the claim of lien, and (iii) unconditionally provides that it may be drawn on by Coordinator in the event of a final judgment entered by a court of competent jurisdiction in favor of Coordinator, then Coordinator shall record a release of the lien or take such action as may be

reasonably required by a title insurance company requested to furnish a policy of title insurance on such property to delete the lien as an exception thereto. Landowner shall post the bond or letter of credit by delivery of same to Coordinator. All costs and expenses to obtain the bond or letter of credit, and all costs and expenses incurred by Coordinator, shall be borne by Landowner, unless Landowner is the prevailing Party in any litigation challenging the claimed lien.

7. Coordinator Default.

a. As to any monetary default, Coordinator shall be deemed to be in default under this Agreement upon the expiration of ten (10) days following receipt of written notice from Landowner specifying the basis upon which the monetary default is claimed unless, prior to the expiration of ten (10) days following receipt of such written notice, Coordinator cures the monetary default.

b. As to any non-monetary default, Coordinator shall be deemed to be in default under this Agreement upon the expiration of thirty (30) days following receipt of written notice from Landowner specifying the basis upon which the non-monetary default is claimed unless, prior to the expiration of thirty (30) days following receipt of such written notice, Coordinator cures the non-monetary default, or if such non-monetary default cannot reasonably be cured in thirty (30) days, Coordinator commences and continues with good faith efforts to cure such non-monetary default and subsequently cures such non-monetary default not later than ninety (90) days following the date of the written notice of default.

c. In the event Coordinator fails to cure a default within the time periods described in Sections 7(a) and (b) above, Landowner may terminate this Agreement upon expiration of the applicable cure period and/or exercise any and all rights and remedies available at law or in equity including, without limitation, specific performance, injunction, or other equitable remedies. In the event of a default by Coordinator under this Agreement (and the expiration of the applicable cure period), upon written demand by Landowner, Coordinator shall execute such documents and instruments as Landowner or any title company insuring all or any part of the Land and Out Parcels requires in order to release this Agreement (or any other instrument providing constructive notice of this Agreement) of record. Effective upon a default by Coordinator under this Agreement (and the expiration of the applicable cure period), Coordinator hereby grants to Landowner a power of attorney (that is coupled with an interest and is irrevocable so long as this Agreement or any instrument intended to provide constructive notice of this Agreement remains of record) and appoints Landowner as its attorney-in-fact to execute such documents and instruments as Landowner or any title company insuring all or any part of the Land and Out Parcels requires in order to release this Agreement (or any other instrument providing constructive notice of this Agreement) of record, if Coordinator does not timely execute such termination documents or instruments within ten (10) days after written demand by Landowner to Coordinator. Upon the occurrence of a default by Coordinator and if Landowner elects to terminate this Agreement, Coordinator shall return any portion of the Landowner Payment, which Landowner paid to Coordinator.

d. In the event that Coordinator does not timely cause the construction of the Water Backbone Infrastructure, the Wastewater Backbone Infrastructure, the Off-Site Reclaimed Water Line, any Transmission Mains for which Water Utilities are responsible, the On-Site

Reclaimed Water Line, or any Collection Mains for which Wastewater Utilities are responsible in accordance with the terms of this Agreement, then following thirty (30) days' written notice to Coordinator, and Coordinator failing to initiate reasonable efforts to undertake such work, Landowner shall have the right, but not the obligation, to complete such infrastructure. In such event, Landowner shall submit invoices to Coordinator for the cost of such construction and Coordinator shall within thirty (30) days of such invoices reimburse Landowner for such costs reasonably incurred in the construction of such infrastructure. In addition, Landowner may set-off any costs incurred by Landowner in completing such construction under this Section 7(b) against any Landowner Payments that are due Coordinator. The self-help remedy of this Section 7(b) is in addition to any other remedies available to Landowner under this Section 7 or under Section 8 below.

8. Termination of Agreement.

a. Acquisition of CP Stock and FG Stock by Global Inc. This Agreement is contingent upon Global Inc.'s acquisition of the CP Stock pursuant to the Sale and Purchase and Partial Funding Agreement and acquisition of the FG Stock pursuant to the Francisco Grande Stock Purchase Agreement. In the event that Global Inc. does not complete its acquisition of the CP Stock and the FG Stock within thirty (30) of the date of execution of this Agreement, then Landowner or Coordinator, at either Party's option, may terminate this Agreement without recourse.

b. Non Issuance of ACC CC&N Transfer Approvals, ACC CC&N Extension Approvals or Other Approvals. Pursuant to Section 2.3.1 of the Francisco Grande Stock Purchase Agreement, Global Inc.'s obligation to pay the Purchase Price as defined therein is contingent upon ACC approval by way of a final order (with all appeal periods having expired without any such appeal) of the transfer of FG's water and wastewater CC&Ns to SCW and PVU, respectively (the "ACC CC&N Transfer Approvals"). Pursuant to Section 1(a)(i) of this Agreement, Coordinator must facilitate, arrange and coordinate with the appropriate Utilities the extension of the Utilities' CC&Ns to include the Land and, if applicable, Out Parcels. Such extension is contingent upon the Utilities obtaining necessary approvals and/or permits from the ACC (the "ACC CC&N Extension Approvals") and ADWR, ADEQ, Pinal County, Casa Grande and/or CAAG (the "Other Approvals"). In the event that (i) the ACC CC&N Transfer Approvals have not been obtained on or before June 1, 2008, and FG is unable to provide Utility Services to the Land, and Casa Grande is unable or unwilling to provide Utility Services to the Land pursuant to an agreement(s) with Coordinator or one or more of the Utilities; (ii) the ACC CC&N Extension Approvals have not been obtained on or before June 1, 2008, and Casa Grande is unable or unwilling to provide Utility Services to the Land pursuant to an agreement(s) with Coordinator or one or more of the Utilities; or (iii) the Other Approvals have not been obtained on or before June 1, 2008, and Casa Grande is unable or unwilling to provide Utility Services to the Land pursuant to an agreement(s) with Coordinator or one or more of the Utilities, then either Party may notify the other Party in writing of its desire to terminate this Agreement (the "Termination Notification"). In the event that a Party issues a Termination Notification, this Agreement shall terminate on the fifteenth (15th) day after the date of the Termination Notification (the "Termination Date"), and the Agreement shall thereafter be of no further force or effect. Upon termination of this Agreement, Coordinator may retain any Landowner Payments received by Coordinator through and including the Termination Date and Coordinator

shall facilitate, arrange and coordinate the conveyance of all Phase I Infrastructure (including, but not limited to, the projects/infrastructure identified on the Phase I Infrastructure Construction Schedule as Well Development, Raw Water Delivery, Water Distribution Center and Potable Water Distribution) located within the Land and Out Parcels to Landowner or any entity designated in writing by Landowner within thirty (30) days of the Termination Date. Conveyance of such Phase I Infrastructure shall be via special warranty deed and/or bill of sale in a form mutually acceptable to Coordinator, the Utilities and Landowner. Within thirty (30) days of the Termination Date, Coordinator shall remove or cause to be removed any recordation of this Agreement with Pinal County; Coordinator shall record documentation in Pinal County that this Agreement has been terminated; and Coordinator shall waive any lien rights it may have under this Agreement.

c. Non Issuance of CAAG 208 Approval. The Parties recognize and acknowledge that PVU has irrevocably allocated sufficient wastewater treatment capacity in its existing wastewater treatment plant (the "WTP Campus 1") to provide wastewater treatment service for all of Phase I of the Land. The Parties further recognize and acknowledge that PVU plans to construct a wastewater treatment plant on the Water Infrastructure Site (the "Legends WTP") to provide wastewater service to future development phases of the Land, and that PVU has applied for CAAG 208 approval to include such facility on the Water Infrastructure Site. The Parties further recognize and acknowledge that CAAG 208 approval is not required unless and until PVU is ready to commence construction of the Legends WTP, and that the Legends WTP may or may not be constructed on the Water Infrastructure Site. In the event that (i) Coordinator and PVU are unable to obtain CAAG 208 approval prior to the start of construction by PVU of the Legends WTP, or if such approval is reversed or ultimately invalidated on appeal; or (ii) Coordinator and PVU are unable to provide an irrevocable commitment of wastewater treatment capacity for the Land from the WTP Campus 1 or other wastewater treatment plants owned or controlled by the Wastewater Utilities, then Landowner or Coordinator at either Party's option may terminate this Agreement without recourse to either Party. Should either Party elect to terminate this Agreement under this Section 8(c), all amounts paid by Landowner to Coordinator under this Agreement for EDUs in excess of the number of EDUs for which the Wastewater Utilities can provide irrevocable commitments of capacity from the WTP Campus 1 and/or other wastewater treatment plants with validly issued aquifer protection permits and CAAG 208 approvals shall be refunded to Landowner within fifteen (15) days of termination of this Agreement. In the event Landowner or Coordinator terminates this Agreement, Coordinator shall remove or cause to be removed any recordation of this Agreement with Pinal County; Coordinator shall record documentation in Pinal County that this Agreement has been terminated; and Coordinator shall waive any lien rights it may have under this Agreement.

d. Recharacterization of Landowner Payments. Coordinator acknowledges that any recharacterization of the Landowner Payment as an advance in aid of construction or a contribution in aid of construction to the Utilities shall not be a basis for terminating this Agreement.

9. Attorneys' Fees. If any dispute arises out of the subject matter of this Agreement, the prevailing Party in such dispute shall be entitled to recover from the other Party its costs and expenses (including reasonable attorney's fees) incurred in litigating or otherwise resolving such

dispute. The Parties' obligations under this Section shall survive the closing under this Agreement.

10. Applicable Law; Venue; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona, notwithstanding any Arizona or other conflict-of-law provisions to the contrary. The Parties consent to jurisdiction for purposes of this Agreement in the State of Arizona, and agree that Maricopa County, Arizona, shall be proper venue for any action brought with respect to this Agreement.

11. Interpretation. The language in all parts of this Agreement shall in all cases be construed as a whole according to its fair meaning and not strictly for nor against any Party. The section headings in this Agreement are for convenience only and are not to be construed as a part hereof. The Parties agree that each Party has reviewed this Agreement and has had the opportunity to have counsel review the same and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in the interpretation of this Agreement or any amendments or any exhibits thereto. Except where specifically provided to the contrary, when used in this Agreement, the term "including" shall mean without limitation by reason of enumeration. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the person(s) or entity(ies) may require.

12. Most Favored Nation. Coordinator represents that the CC&N expansion, which includes the Land and is contemplated to be filed no later than January 31, 2007, includes the same pricing, terms, and conditions as were included in SCW's and PVU's CC&N expansion application filed on December 28, 2005. If Landowner acquires any portion of the Out Parcels after execution of this Agreement, then Coordinator will use best efforts to cause the Utilities to obtain a CC&N extension for those Out Parcels, and agrees that the Out Parcel CC&N expansion application will include the same pricing, terms, and conditions set forth in this Agreement. In the event that Coordinator enters into a separate Infrastructure Coordination and Finance Agreement with another landowner in Pinal County, amends the December 28, 2005 CC&N expansion application, or if the ACC amends the December 28, 2005 CC&N filing in its final order to provide more favorable terms than those include in the CC&N expansion for the Land and Out Parcels, then Coordinator shall amend this Agreement with the written consent of Landowner, to include such pricing, terms, or conditions so that the CC&N expansion for the Land and Out Parcels is at least as favorable to Landowner as the pricing, terms, and conditions offered to the other landowner.

13. Consent to Easements. Until such time as this Agreement is terminated of record with respect to the Land and Out Parcels, Coordinator, without compensation, shall execute, acknowledge and deliver to Landowner, any applicable governmental authority with jurisdiction, any private or public utility company or any homeowners' association, such consents, acknowledgments, approvals, releases, quit-claim deeds, subordination agreements and other instruments and agreements reasonably requested by Landowner in connection with the recording of any subdivision map, final plat or map of dedication granting of easements dedication of land, conveyance of land to a homeowners' association or Public Lot as defined in Section 22 below, or other development activities undertaken by Landowner in connection with the Land and Out Parcels.

14. Counterparts. This Agreement shall be effective upon execution by all Parties hereto and may be executed in any number of counterparts with the same effect as if all of the Parties had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

15. Entire Agreement. This Agreement constitutes the entire integrated agreement among the Parties pertaining to the subject matter hereof, and supersedes all prior and contemporaneous agreements, representations, and undertakings of the Parties with respect to such subject matter. This Agreement may not be amended except by a written instrument executed by all Parties hereto.

16. Additional Instruments. The Parties hereto agree to execute, have acknowledged, and deliver to each other such other documents and instruments as may be reasonably necessary or appropriate to evidence or to carry out the terms of this Agreement.

17. Time of the Essence. Landowner and Coordinator agree that time is of the essence with respect to each and every provision and obligation of this Agreement.

18. Severability. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

19. Incorporation by Reference. Every exhibit, schedule and other appendix attached to this Agreement and referred to herein is hereby incorporated in this Agreement by reference.

20. Notices. All notices, demands, and other communications provided for hereunder shall be in writing (including facsimile or similar transmission) and mailed (by U.S. certified mail, return receipt requested, postage prepaid), sent, or delivered (including by way of overnight courier service):

(a) If to Global Water Resources, LLC, addressed to:

Global Water Resources, LLC
21410 N. 19th Avenue, Suite 201
Phoenix, Arizona 85027
Phone: (623) 580-9600
Facsimile: (623) 580-9659
Attn: Cindy Liles

with a copy to:

Burch & Cracchiolo, P.A.
702 East Osborn Road
Phoenix, Arizona 85014
Phone: (602) 274-7611
Facsimile: (602) 234-9912
Attn: Andrew Abraham, Esq.

(b) If to CHI Construction Company, addressed to:

Roger Pryor
Vice President - Phoenix Division
D. R. Horton - Continental Series
16430 N. Scottsdale Road, Suite 200
Scottsdale, AZ 85254
Phone: (480) 483-0006
Facsimile: (972) 888-1553

with copies to:

Robert E. Coltin
Vice President, Legal Counsel - Phoenix Division
D. R. Horton - Continental Series
16430 N. Scottsdale Road, Suite 200
Scottsdale, AZ 85254
Phone: (480) 483-0006
Facsimile: (480) 368-1088

Ted Harbour
D.R. Horton, Inc.
D. R. Horton Tower
301 Commerce Street, Suite 500
Fort Worth, TX 76102
Phone: (817) 390-8200
Facsimile: (817) 390-1702

Snell & Wilmer
One Arizona Center
400 East Van Buren
Phoenix, Arizona 85004-2202
Phone: (602) 382-6234
Facsimile: (602) 382-6070
Attn: Jeff Crockett, Esq.

or, as to each Party, to such other Person and/or at such other address or number as shall be designated by such Party in a written notice to the other Party. All such notices, demands, and communications, if mailed, shall be effective upon the earlier of (i) actual receipt by the addressee, (ii) the date shown on the return receipt of such mailing, or (iii) three (3) days after deposit in the mail. All such notices, demands, and communications, if not mailed, shall be effective upon the earlier of (i) actual receipt by the addressee, (ii) with respect to facsimile and similar electronic transmission, the earlier of (x) the time that electronic confirmation of a successful transmission is received, or (y) the date of transmission, if a confirming copy of the transmission is also mailed as described above on the date of transmission, and (iii) with respect to delivery by overnight courier service, the day after deposit with the courier service, if delivery on such day by such courier is confirmed with the courier or the recipient orally or in writing.

21. Binding Effect; Partial Releases. Except as otherwise provided herein and in Section 22 below, this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective Parties. This Agreement constitutes a covenant running with the land, shall be binding upon the Land and any Out Parcels, as applicable, for the benefit of Coordinator and its successors and assigns, and any person acquiring any portion of the Land and Out Parcels, upon acquisition thereof (other than an end purchaser or user of a Public Lot (as defined below)), shall be deemed to have assumed the obligations of Landowner arising under this Agreement with respect to such portion of the Land and Out Parcels from and after the date of such conveyance without the necessity for the execution of any separate instrument (and the Landowner or prior owner of the Land shall be relieved of all liability with respect to such portion of the Land and Out Parcels arising from and after the date of such conveyance). At such time as the Landowner Payment has been paid in full with respect to any relevant portion of the Land and Out Parcels pursuant to a Plat Approval (and from time to time thereafter as requested by Landowner), Coordinator shall execute, acknowledge and deliver to Landowner such documents and instruments as Landowner or any title company shall require in order to release this Agreement of record with respect to such relevant portion of the Land and Out Parcels. Landowner may require that Coordinator provide such document and instruments to release the lien of this Agreement with respect to any relevant portion of the Land and Out Parcels simultaneously with, and as a condition to, the applicable Landowner Payment for such relevant portion of the Land.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

22. Termination Upon Sale to Public. Upon receipt of the Landowner Payment for each lot within the relevant final plat of the Land and Out Parcels, Coordinator and Landowner hereby acknowledge and agree that this Agreement shall terminate of record (without relieving Landowner or any subsequent bulk purchaser from liability under this Agreement) without the execution or recordation of any further document or instrument as to any lot or tract within the relevant final plat of the Land and any Out Parcels which has been finally subdivided and individually (and not in "bulk") leased (for a period of longer than one year), sold or otherwise conveyed to the end purchasers or users thereof including, without limitation, a homebuyer, HOA, private utility, a public utility, a governmental entity, civil agency (e.g., fire or police department) (a "Public Lot") and thereupon such Public Lot within the relevant final plat of the Land shall be released from and no longer be subject to or burdened by the provisions of this Agreement.

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first above written.

COORDINATOR:

Global Water Resources, LLC
a Delaware Limited Liability Company

By: Cindy M. Liles
Cindy M. Liles
Its: Senior Vice-President

LANDOWNER:

CHI Construction Company,
an Arizona corporation

By: [Signature]
Its: Division President

STATE OF ARIZONA)
) ss.
County of Maricopa)

On December 29, 2006, before me, Estelle Van Aardt, a Notary Public in and for said state, personally appeared Cindy M. Liles, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Estelle Van Aardt
Notary Public in and for said State

STATE OF ARIZONA)
) ss.
County of Maricopa)

On December 29, 2006, before me, Estelle Van Aardt, a Notary Public in and for said state, personally appeared Frank T. Davis, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

My Commission Expires:



Estelle Van Aardt
Notary Public in and for said State

EXHIBIT A

LEGAL DESCRIPTION OF LAND

EXHIBIT A
LAND

ORDER NO.: 04990275

POLICY NO.: PROFORMA-0275

Exhibit A

Parcel No. 1:

Lots 1, 2 and 5 and the Southwest quarter of the Northeast quarter of Section 1, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the South 115.5 feet of said Lot 5; and also

Except the South 115.5 feet of the said Southwest quarter of the Northeast.

Parcel No. 2:

Lots 6 and 7 and the West half of the Southeast quarter of Section 1, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the North 140 feet of said Lot 6; and also

Except the North 140 feet of the said West half of the Southeast quarter.

Parcel No. 3:

Lots 3 and 4 and the West half of the Southeast quarter and the Southwest quarter of Section 12, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except roadway as granted in Deed recorded in Book 69 of Deeds, page 291.

Parcel No. 4:

The Northeast quarter of Section 12, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except all coal and other mineral deposits, as reserved in the Patent.

Parcel No. 5:

Section 13, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except roadway as granted in Deed recorded in Book 69 of Deeds, page 291; and

Except that portion described as follows:

ORDER NO.: 04990275

POLICY NO.: PROFORMA-0275

Commencing at the North quarter corner of said Section 13, said point being a ½" rebar tagged "LS 4399" from which the Northeast closing corner of Section 13 bears North 89°59'50" West, 2556.35 feet, said point being a 2" brass cap on a 2" galvanized pipe marked "LS 4399 C.C. 1978";

Thence along the West line of the Northeast quarter of said Section 13 South 00°10'45" East, 240.00 feet to the TRUE POINT OF BEGINNING;

Thence parallel with and 240.00 feet South of the North line of the Northeast quarter of said Section 13, South 89°59'50" East, 1499.75 feet to a ½" rebar tagged "RLS 35545" for the Northeast corner of this parcel;

Thence South 00°00'10" West, 1610.00 feet to a ½" rebar tagged "RLS 35545" for the Southeast corner of this parcel;

Thence North 89°59'50" West, 2299.75 feet to a ½" rebar tagged "RLS 35545" for the Southwest corner of this parcel;

Thence North 00°00'10" East, 1610 feet to a ½" rebar tagged "RLS 35545" for the Northwest corner of this parcel;

Thence South 89°59'50" East, 800.00 feet to the TRUE POINT OF BEGINNING.

Parcel No. 6:

The Northeast quarter and the Northwest quarter and the Southeast quarter of Section 23, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except all coal and other materials in said Northwest quarter as reserved in the Patent; and

Except roadway as granted in Deed recorded in Book 49 of Deeds, page 272.

Parcel No. 7:

Section 24, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the East half of the Southeast quarter of the Southeast quarter of the Southeast quarter thereof; and

Except all coal and other materials in the West half of said Section 24, as reserved in the Patent; and

Except roadway as granted in Deed recorded in Book 53 of Deeds, pages 253 and 254.

ORDER NO.: 04990275

POLICY NO.: PROFORMA-0275

Parcel No. 8:

The North half of Section 25, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the East half of the Northeast quarter of the Northeast quarter thereof.

Parcel No. 9:

The North half of Section 26, Township 6 South, Range 4 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the West half of the Northwest quarter of the Northwest quarter thereof; and also

Except the North half of the Northwest quarter of the Southwest quarter of the Northwest quarter thereof; and

Except roadway as granted in Deed recorded in Book 49 of Deeds, page 277.

Parcel No. 10:

DELETED

Parcel No. 11:

DELETED

Parcel No. 12:

DELETED

Parcel No. 13:

The East half of Section 5, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except that part lying North of the Southern Pacific Railroad; and also

Except reservations of the minerals in or under that when mined or extracted therefrom shall be equal in value to one per cent of the net smelter returns on all ores, concentrates and precipitates mined and shipped from said property as reserved in Warranty Deed recorded in Docket 1037, page 454.

ORDER NO.: 04990275

POLICY NO.: PROFORMA-0275

Parcel No. 14:

The East half of the Southwest quarter of Section 5, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the North 200 feet thereof.

Parcel No. 15:

The West half of the Southwest quarter of Section 5, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except that portion described as follows:

Beginning at the West quarter corner of said Section 5;

Thence South 89 degrees 54 minutes East, along the North boundary of said West half of the Southwest quarter of Section 5, a distance of 1302.9 feet;

Thence South 1 degrees 30 minutes 30 seconds West, along the East boundary of said West half of the Southwest quarter of Section 5, a distance of 287.8 feet;

Thence South 89 degrees 59 minutes West, a distance of 1305.8 feet;

Thence North 2 degrees 03 minutes 30 seconds East, along the West boundary of said Section 5, a distance of 290.3 feet to the Point of Beginning.

Parcel No. 16:

The Southeast quarter of Section 6, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the North 300 feet thereof.

Parcel No. 17:

Lots 6 and 7 and the East half of the Southwest quarter of Section 6, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the North 300 feet of the said East half of the Southwest quarter; and also
Except the North 140 feet of said Lot 6.

ORDER NO.: 04990275

POLICY NO.: PROFORMA-0275

Parcel No. 18:

The Northeast quarter and Lots 1 and 2 and the East half of the Northwest quarter of Section 7, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except Lots 743, 1150, 1151, 1152, 1153, 1154, and 1322 of Desert Carmel Section "R", according to plat recorded in Book 14 of Maps, page 33, records of Pinal County, Arizona; and also

Except streets, alleys and drainage ways abutting said excepted lots.

Parcel No. 19:

Lots 3 and 4 and the East half of the Southwest quarter of Section 7, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

Parcel No. 20:

The Southeast quarter of Section 7, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except Lots 2, 3, 4, 16, 27, 28, 40, 62, 65, 83, 84, 97, 102, 104, 119, 129, 142, 151, 152, 154, 156, 157, 164, 170, and 171, Desert Carmel Section "T", per plat recorded in Book 13 of Maps and plats at page 59, records of Pinal County, Arizona;

Excepting streets, alleys and drainage ways abutting said excepted lots; and also

Except Lots 196, 204, 207, 232, 244, 249, 250, 283, 292, 329, 332 and 337, Desert Carmel Section "T", per plat recorded in Book 13 of Maps and plats at page 70, records of Pinal County, Arizona;

Excepting streets, alleys and drainage ways abutting said excepted lots; and also

Except Lots 349, 355, 397, 401, 416, 428, 437, 438, 516, 529, 530, 547, 603, 611, 632, 642, 648, and 659, Desert Carmel Section "T", per plat recorded in Book 14 of Maps and plats at page 15, records of Pinal County, Arizona;

Excepting streets, alleys and drainage ways abutting said excepted lots.

Parcel No. 21:

The Northeast quarter of the Northeast quarter of Section 8, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

ORDER NO.: 04990275

POLICY NO.: PROFORMA-0275

Parcel No. 22:

The West half and the Southeast quarter and the West half of the Northeast quarter and the Southeast quarter of the Northeast quarter of Section 8, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except Candlestick Drive as dedicated on plat of Desert Carmel Section "N", according to Book 14 of Maps, page 11, records of Pinal County, Arizona; and also

Except Lots 139, 163, 194, 240, 247, 302, 395 and 427 of Desert Carmel Section "N", per plat recorded in Book 14 of Maps and plats at page 11, records of Pinal County, Arizona; and also

Except streets, alleys and drainage ways abutting said excepted lots; and also

Except any portion of Parcels 21 and 22 lying within the following described property:

That portion of the East half of the Northeast quarter of Section 8, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Beginning at the Northeast corner of said Section 8;

Thence South 00 degrees 24 minutes 58 seconds West along the East line of said Section 8, 1327.62 feet to the North sixteenth corner of the Northeast quarter of said Section 8;

Thence North 75 degrees 57 minutes 47 seconds West, a distance of 136.06 feet to the Point of Beginning;

Thence South 6 degrees 30 minutes 00 seconds West, a distance of 220.00 feet to a point;

Thence North 83 degrees 30 minutes 00 seconds West, a distance of 360.00 feet to a point;

Thence North 6 degrees 30 minutes 00 seconds East, a distance of 220.00 feet to a point;

Thence South 83 degrees 30 minutes 00 seconds East, a distance of 360.00 feet to the Point of Beginning.

Parcel No. 23:

The Northwest quarter of Section 17, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except Candlestick Drive as dedicated on plat of Desert Carmel Section "F", according to Book 15 of Maps, page 4, records of Pinal County, Arizona; and also

ORDER NO.: 04990275

POLICY NO.: PROFORMA-0275

Except Lots 79, 502, 503, 505, 506, 553, 592, 595 and 596 of Desert Carmel Section "F", according to Book 15 of Maps, page 4, records of Pinal County, Arizona.

Parcel No. 24:

The Southwest quarter of Section 17, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

Parcel No. 25:

That part of the Northeast quarter lying West and that part of the Northeast quarter of Section 17, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona, lying North of the following described line:

Beginning at the corner of Section 8, 9, 16 and 17, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, the center of a steel manhole cover;

Thence South 89 degrees 55 minutes 45 seconds West, 238.59 feet, to a point on the centerline of Kortsen Rd;

Thence South 65 degrees 48 minutes 47 seconds West, 525.30 feet, to a point on the centerline of Kortsen Rd;

Thence South 46 degrees 41 minutes 10 seconds West, 170.77 feet, to a point on the centerline of Kortsen Rd;

Thence South 37 degrees 11 minutes 12 seconds West, 174.15 feet, to a point on the centerline of Kortsen Rd.;

Thence South 31 degrees 21 minutes 01 seconds West, 887.35 feet, to a point at the center of the intersection of Kortsen Rd. and Estanquillo Ave.

Set an iron post, ¾ inch diameter, 18 inches in the ground set flush with the ground;

Thence North 62 degrees 06 minutes 29 seconds West, 637.15 feet along the center of Estanquillo Ave. to a point at the center of the intersection of Estanquillo Ave. and Castillo Dr.

Set an iron post, ¾ inch diameter, 18 inches in the ground, set flush with the ground;

Thence South 23 degrees 42 minutes 40 seconds West, 145.87 feet, to a point on the centerline of Castillo Dr.;

Thence South 27 degrees 45 minutes West, 152.99 feet, to a point on the centerline of Castillo Dr.;

ORDER NO.: 04990275

POLICY NO.: PROFORMA-0275

Thence South 33 degrees 04 minutes 44 seconds West, 120.15 feet, to a point on the centerline of Castillo Dr.;

Thence South 38 degrees 10 minutes 58 seconds West, 208.87 feet, to a point on the centerline of Castillo Dr.;

Thence South 44 degrees 50 minutes 04 seconds West, 146.78 feet, to a point at the center of the intersection of Castillo Dr. and Cochise Dr.

Set an iron post, ¾ inch in diameter, 18 inches in the ground, set flush with the ground;

Thence South 42 degrees 59 minutes 38 seconds East, 92.11 feet, to a point on the centerline of Cochise Dr.;

Thence South 39 degrees 27 minutes 53 seconds East, 174.64 feet, to a point on the centerline of Cochise Dr.;

Thence South 34 degrees 49 minutes 58 seconds East, 116.33 feet, to a point on the centerline of Cochise Dr.;

Thence South 30 degrees 45 minutes 52 seconds East 119.33 feet, to a point on the centerline of Cochise Dr.;

Thence South 24 degrees 30 minutes 29 seconds East 295.98 feet, to a point on the centerline of Cochise Dr.;

Thence South 21 degrees 46 minutes 30 seconds East, 156.81 feet, to a point at the center of the intersection of Cochise Dr and Finaly Rd;

Set an iron post, ¾ inch diameter, 18 inches in the ground, set flush with the ground;

Thence South 68 degrees 09 minutes 23 seconds West, 118.50 feet, to a point on the centerline of Finaly Rd.;

Thence South 65 degrees 57 minutes 22 seconds West, 216.74 feet, to a point on the centerline of Finaly Rd.;

Thence South 61 degrees 49 minutes 45 seconds West, 233.69 feet, to a point on the centerline of Finaly Rd.;

Thence South 59 degrees 35 minutes 05 seconds West, 99.97 feet, to a point at the center of the intersection of Finaly Rd and Fiesta Dr.;

Set an iron post, ¾ inch diameter, 18 inches in the ground, set flush with the ground;

ORDER NO.: 04990275

POLICY NO.: PROFORMA-0275

Thence North 34 degrees 47 minutes 25 seconds West, 78.57 feet, to a point on the centerline of Fiesta Dr.;

Thence South 45 degrees 09 minutes 29 seconds West, 81.02 feet to the center of Section 17, an iron post, $\frac{3}{4}$ inch diameter, 18 inches in the ground, set flush with the ground;

Together with any portions of any lots owned by Grantor herein in the Desert Carmel Subdivisions situated in the Northeast quarter of said Section 17 which extend into the Northwest quarter of Section 17;

Less and excepting from Parcel 25 above all the following:

A. Candlestick Drive as dedicated on plat of Desert Carmel Section "N", per plat recorded in Book 14 of Maps, page 11, records of Pinal County, Arizona;

B. Lot 427, Desert Carmel Section "F", per plat recorded in Book 15 of Maps, page 4, records of Pinal County, Arizona; and

C. Lots 163, 194, 240, 247, 302, 395 and 427, Desert Carmel Section "N", per plat recorded in Book 14 of Maps and plats at page 11, records of Pinal County, Arizona; and

Excepting streets, alleys, drainage ways abutting said excepted lots.

Parcel No. 26:

Section 18, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona.

Parcel No. 27:

Section 19, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the East half of Lot 4; and also

Except the East half of the Southwest quarter of the Southeast quarter; and also

Except the Southeast quarter of the Southeast quarter; and also

Except all minerals and mining rights as reserved in Warranty Deed recorded in Docket 926, page 805.

Parcel No. 28:

ORDER NO.: 04990275

POLICY NO.: PROFORMA-0275

The Northeast quarter and Lots 1 and 2 and the East half of the Northwest quarter of Section 30, Township 6 South, Range 5 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

Except the North half of the Northeast quarter of the Northeast quarter; and also

Except the North half of the South half of the Northeast quarter of the Northeast quarter; and

Except roadway as granted in Deed recorded in Book 49 of Deeds, pages 216 and 283.

PARCEL NO. 29:

Lots 503 and 595, Section F, DESERT CARMEL, according to Book 15 of Maps, page 4, records of Pinal County, Arizona.

PARCEL NO. 30:

Lots 139 and 247, Section N, DESERT CARMEL, according to Book 14 of Maps, page 11, records of Pinal County, Arizona.

PARCEL NO. 31:

Lots 743, 1150, 1151, 1152, 1153, 1154 and 1322, Section R, DESERT CARMEL, according to Book 14 of Maps, page 33, records of Pinal County, Arizona.

PARCEL NO. 32:

Lots 16, 119 and 142, Section T, DESERT CARMEL, according to Book 13 of Maps, page 59, records of Pinal County, Arizona.

PARCEL NO. 33:

Lots 196, 207, 232, 244 and 249, Section T, DESERT CARMEL, according to Book 13 of Maps, page 70, records of Pinal County, Arizona.

PARCEL NO. 34:

Lots 349, 530, 547, 603 and 611, Section T, DESERT CARMEL, according to Book 14 of Maps, page 15, records of Pinal County, Arizona.

EXHIBIT B

LEGAL DESCRIPTION OF OUT PARCELS

Exhibit "B"

PARCEL ONE:

Lots 2, 3, 4, 27, 28, 40, 62, 65, 83, 84, 97, 104, 129, 151, 152, 154, 156, 157, 170 and 171, of Desert Carmel Section "T" Lots 1 through 172, according to the plat of record in the office of the County Recorder of Pinal County, Arizona, in Book 13 of Maps, Page 59.

PARCEL TWO:

Lots 250, 292, 329, and 332 of Desert Carmel Section "T" Lots 173 through 344, according to the plat of record in the office of the County Recorder of Pinal County, Arizona, in Book 13 of Maps, Page 70.

PARCEL THREE:

Lots 401, 416, 428, 437, 438, 642, 648, and 659, of Desert Carmel Section "T" Lots 345 through 685, according to the plat of record in the office of the County Recorder of Pinal County, Arizona, in Book 14 of Maps, Page 15.

PARCEL FOUR:

Lots 194, 240, 395, and 427, of Desert Carmel Section "N" Lots 1 through 469, according to the plat of record in the office of the County Recorder of Pinal County, Arizona, in Book 14 of Maps, Page 11.

PARCEL FIVE:

Lots 79, 427, 502, 506, 592 and 596, of Desert Carmel Section "F" Lots 1 through 1226; Blocks 1 through 6, according to the plat of record in the office of the County Recorder of Pinal County, Arizona, in Book 15 of Maps, Page 4.

PARCEL 1:

That portion of Section 13, Township 6 South, Range 4 East, Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Commencing at the North quarter corner of said Section 13, said point being a 1/2" rebar tagged "LS 4399" from which the Northeast closing corner of Section 13 bears North 89°59'50" seconds West, 2556.35 feet, said point being a 2" brass cap on a 2" galvanized pipe marked "LS 4399 C.C. 1978";

Thence along the West line of the Northeast quarter of said Section 13 South 00°10'45" East, 240.00 feet to the TRUE POINT OF BEGINNING;

Thence parallel with and 240.00 feet South of the North line of the Northeast quarter of said Section 13, South 89°59'50" East, 1499.75 feet to a 1/2" rebar tagged "RLS 35545" for the Northeast corner of this parcel;

Thence South 00°00'10" West, 1610.00 feet to a 1/2" rebar tagged "RLS 35545" for the Southeast corner of this parcel;

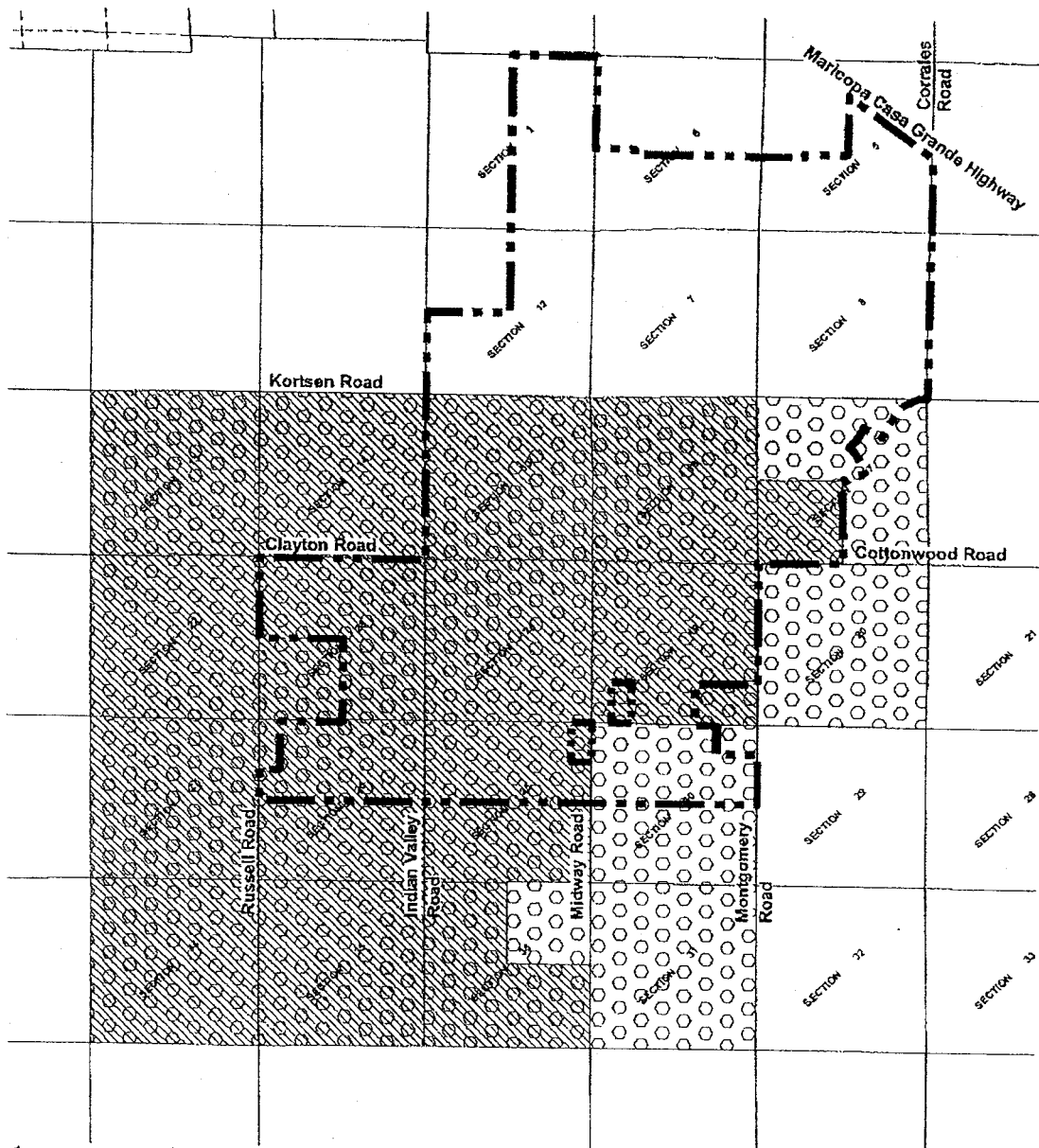
Thence North 89°59'50" West, 2299.75 feet to a 1/2" rebar tagged "RLS 35545" for the Southwest corner of this parcel;

Thence North 00°00'10" East, 1610 feet to a 1/2" rebar tagged "RLS 35545" for the Northwest corner of this parcel;

Thence South 89°59'50" East, 800.00 feet to the TRUE POINT OF BEGINNING.

EXHIBIT C

CC&N OF FRANCISCO GRANDE UTILITIES COMPANY



Legends

Casa Grande, Arizona

Exhibit C

Francisco Grande Water and Sewer CC & N



North



Scale: 1" = 5,000'

Legend

----- Legends Boundary



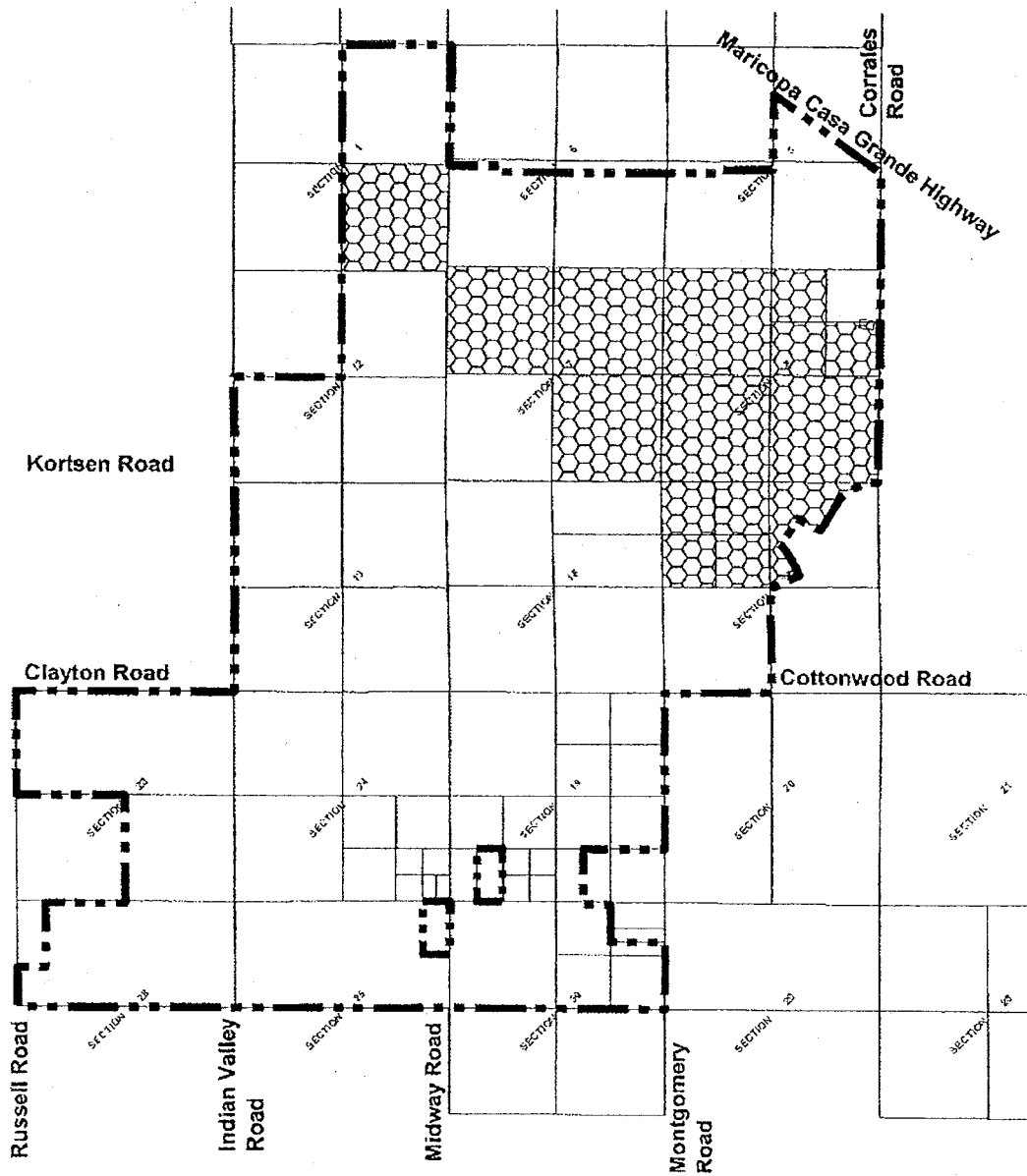
Francisco Grande
Sewer-CC & N



Francisco Grande
Water-CC & N

EXHIBIT D

CC&N OF CP WATER COMPANY



Legends

Casa Grande, Arizona

Exhibit D

CP Water CO. CC & N



North



Scale: 1" = 4,000'

Legend



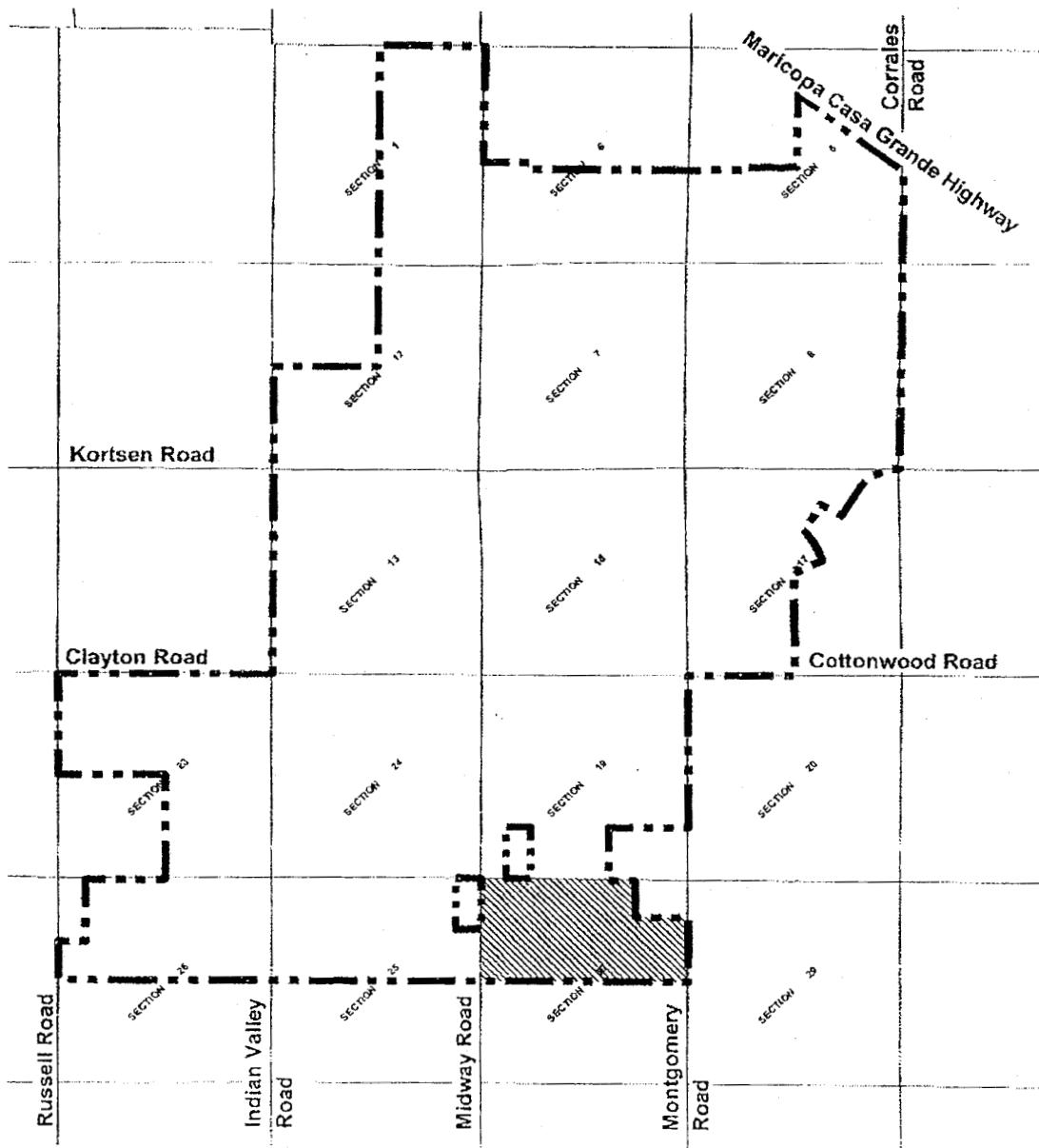
Legends Boundary



CP Water CO.
Water-CC & N

EXHIBIT E

CC&N OF ARIZONA WATER COMPANY



Legends

Casa Grande, Arizona

Exhibit E

AZ Water CO. CC & N



North



Scale: 1" = 4,000'

Legend

--- Legends Boundary



AZ Water CO.
Water-CC & N

EXHIBIT F



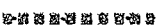
MAP OF WATER SYSTEM DEPICTING TRANSMISSION MAINS

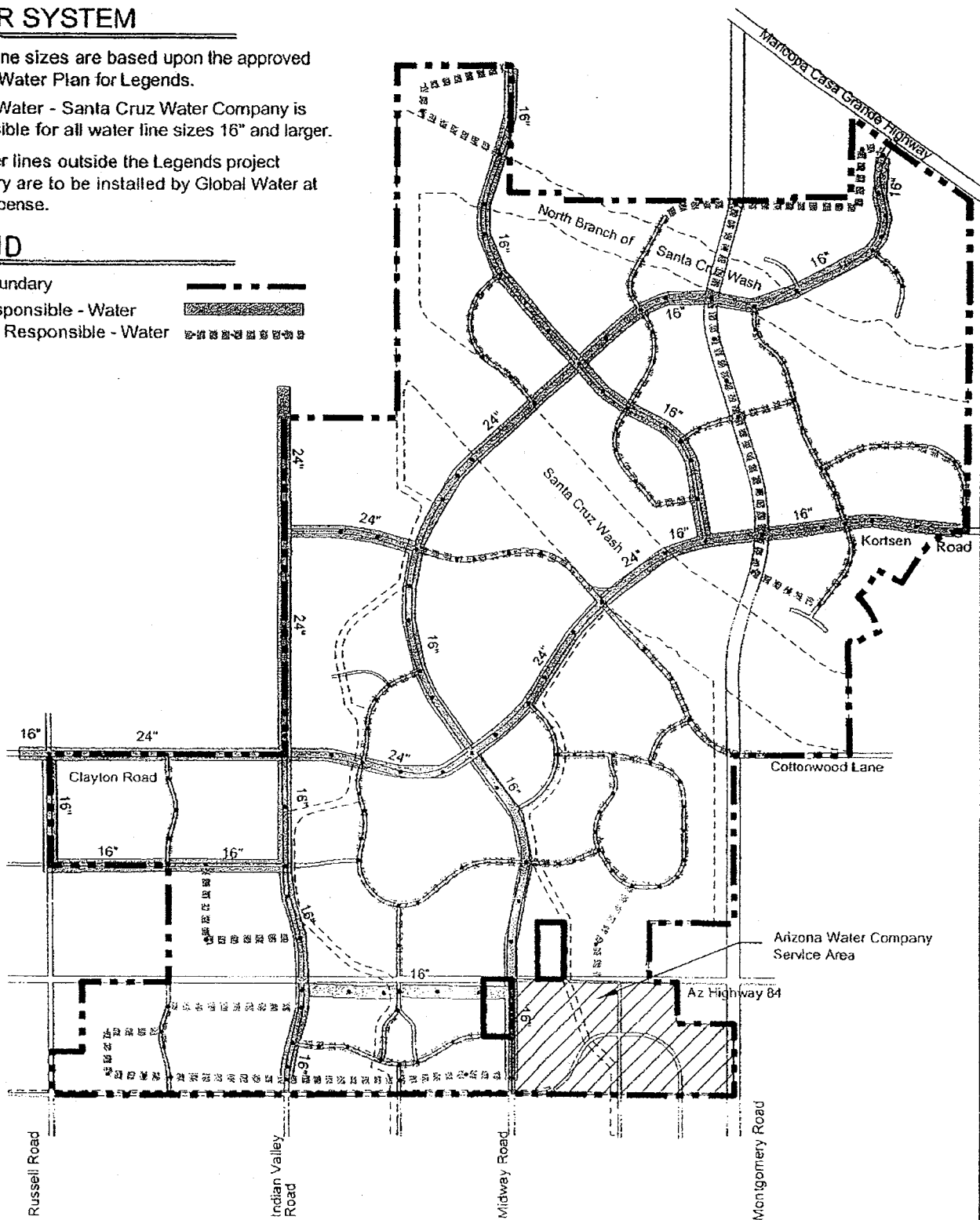
WATER SYSTEM

WATER SYSTEM

1. Water line sizes are based upon the approved Master Water Plan for Legends.
2. Global Water - Santa Cruz Water Company is responsible for all water line sizes 16" and larger.
3. All water lines outside the Legends project boundary are to be installed by Global Water at their expense.

LEGEND

- Project Boundary 
- Global Responsible - Water 
- DR Horton Responsible - Water 




10.	CMX PROJ 7128	DATE: OCT 2006	SCALE: 1" = 3000'
DESIGNED: NS	DRAWN: BC/ALP	APPROVED: AP	
REV.			

LEGENDS

CASA GRANDE, ARIZONA

WATER SEGMENT RESPONSIBILITY



7740 PL 15TH ST. STE. 100
PHOENIX, AZ 85020
PHONE: (602) 567-1900
FAX: (602) 567-1901
WWW.CMX.COM

ENGINEERS • PLANNERS • LANDSCAPE ARCHITECTS • SURVEYORS • CONSTRUCTION MANAGERS

EXHIBIT G

MAP OF WASTEWATER SYSTEM DEPICTING COLLECTION MAINS

WASTEWATER SYSTEM

WASTEWATER SYSTEM

1. Wastewater line sizes are based upon the approved Master Wastewater Plan for Legends.
2. Global Water - Palo Verde Utility Company LLC is responsible for all wastewater line sizes 15" and larger.
3. All wastewater lines outside of the Legends project boundary are to be installed by Global Water at their expense.

LEGEND

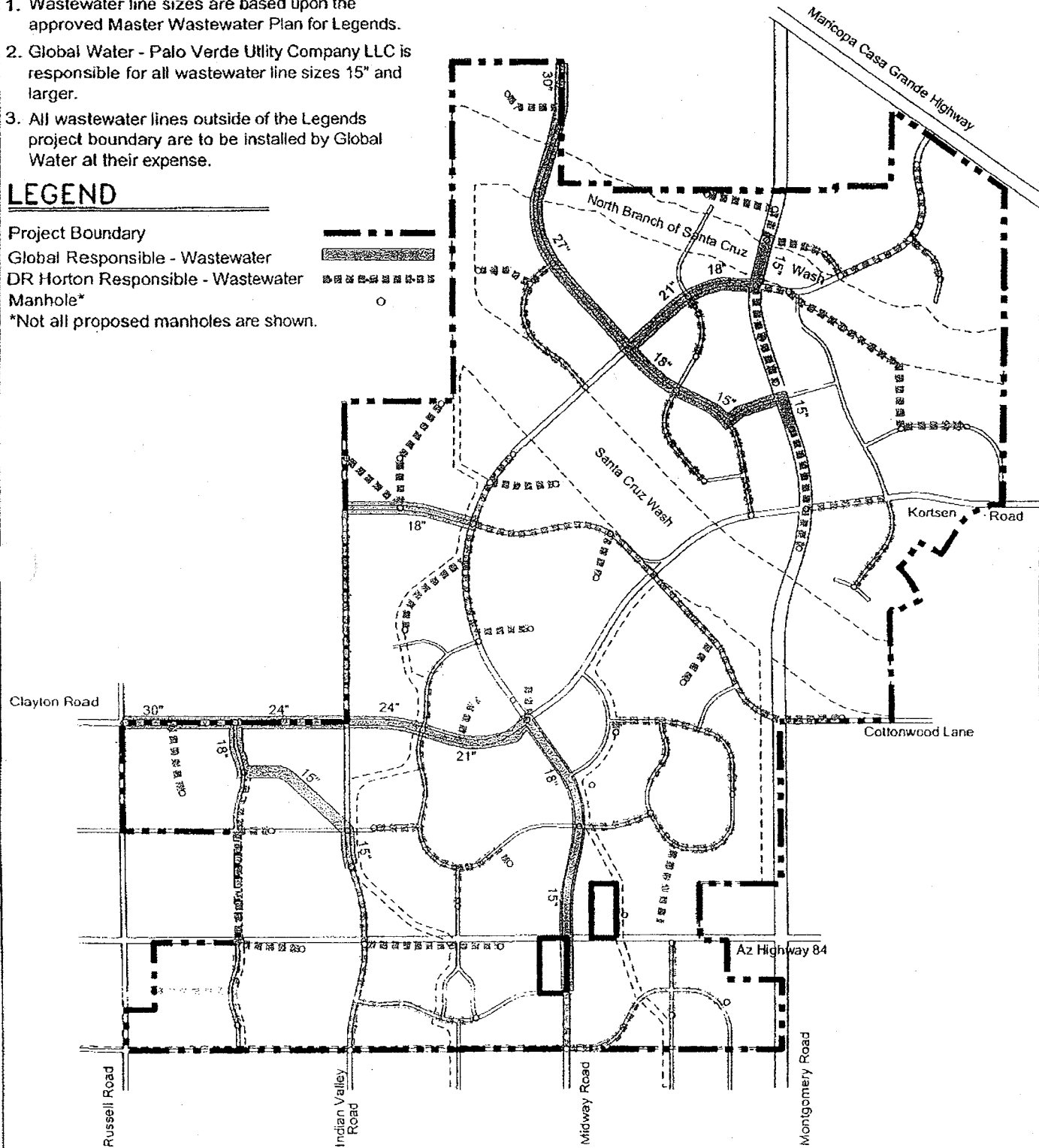
Project Boundary

Global Responsible - Wastewater

DR Horton Responsible - Wastewater

Manhole*

*Not all proposed manholes are shown.



NO.	DATE: OCT. 2006	SCALE: 1" = 300'
DESIGNED: MS	DRAWN: BC/AMP	APPROVED: AP
REV.		
SHT. 2 OF 2		

LEGENDS	
CASA GRANDE, ARIZONA	
WASTEWATER SEGMENT RESPONSIBILITY	

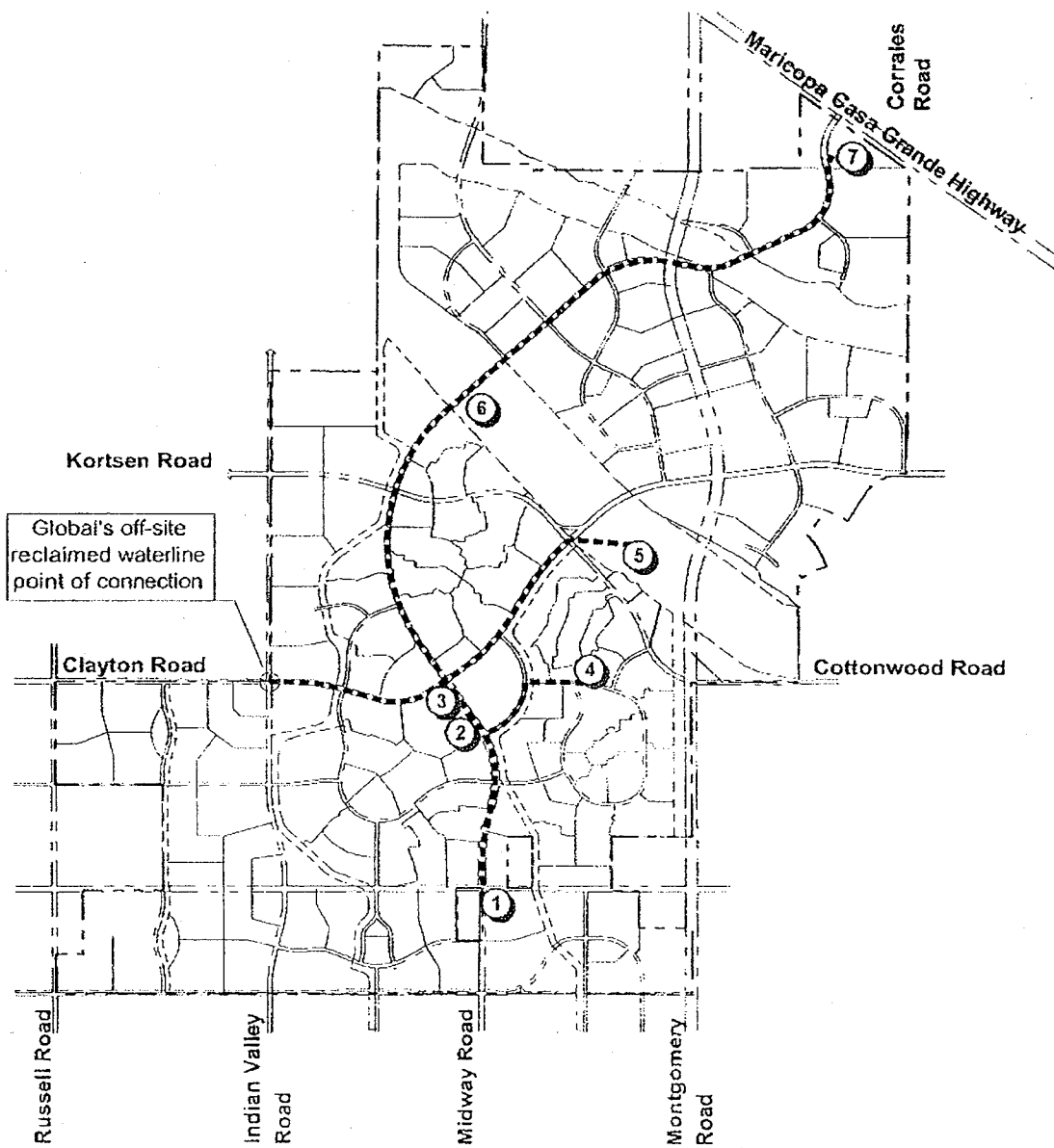


7740 N. 16TH ST. STE. 100
PHOENIX, AZ 85020
PHONE: (602) 567-1600
FAX: (602) 567-1901
WWW.CMXINC.COM

ENGINEERS • PLANNERS • LANDSCAPE ARCHITECTS • SURVEYORS • CONSTRUCTION MANAGERS

EXHIBIT H

MAP OF RECLAIMED WATER DISTRIBUTION LINES AND STORAGE RESERVOIRS



Legends

Casa Grande, Arizona

Exhibit H

Reclaimed Water Distribution Lines and Storage Reservoirs



North



CMX

Scale: 1" = 4,000'

Legend

--- Legends Boundary

--- 12" Reclaimed Water Line

①

Proposed Lake Location

EXHIBIT I

PHASE I UTILITY WATER AND WASTEWATER INFRASTRUCTURE

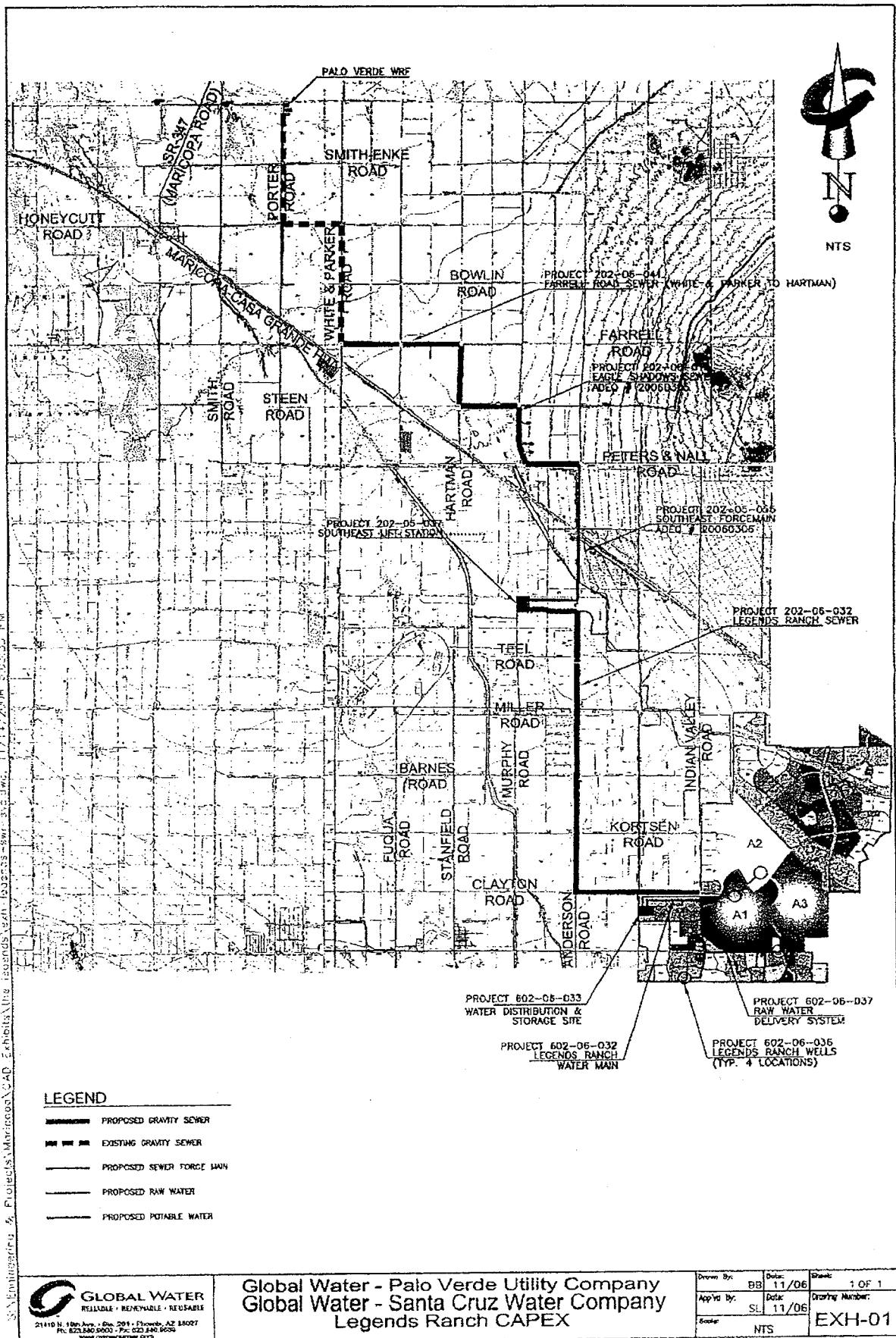


EXHIBIT J

DESCRIPTION OF UTILITY SERVICES TO BE COORDINATED BY COORDINATOR

Water Utilities

- Expand the existing CC&N water service area to include the Land and any Out Parcels
- Prepare a master water plan with respect to the Land and any Out Parcels
- Confirm and or develop sufficient water plant and well source capacity for the Land and any Out Parcels
- Extend a water distribution main lines in accordance with Master Water Plan
- Provide will-serve letters to applicable governmental agencies necessary for final plat approvals with a schedule of commitment dates personalized for the Land and any Out Parcels
- Obtain a 100-year assured water supply and Certificate of Designation required for final plat approvals and Department of Real Estate approvals
- Provide expedited final subdivision plat water improvement plan check and coordination with the Arizona Department of Environmental Quality for Approvals to Construct
- Obtain/Develop facilities extension agreement for construction of infrastructure within the Land and any Out Parcels (subject to reimbursement)

Wastewater Utilities

- Expand the existing CC&N wastewater service area to include the Land and any Out Parcels
- Prepare a master wastewater plan with respect to the Land and any Out Parcels
- Develop a master reclaimed water treatment, retention, and distribution plan including interim well water supply for lake storage facilities
- Confirm and or develop sufficient wastewater plant capacity for the Land and any Out Parcels
- Extend a wastewater collection system main line in accordance with Master Wastewater Plan
- Design, permit and construct a lift station within the Land or any Out Parcels, if required
- Extend a reclaimed water line to a water storage facility within the Land and any Out Parcels
- Provide all permitting and regulatory approvals including but not limited to an Aquifer Protection Permit and Central Arizona Association of Governments (CAAG) 208 Water Quality Plan as necessary
- Provide will-serve letters to applicable governmental agencies necessary for final plat approvals with a schedule of commitment dates personalized for the Land and any Out Parcels
- Provide expedited final subdivision plat wastewater improvement plan check and coordination with the Arizona Department of Environmental Quality for Approvals to Construct
- Obtain/Develop facilities extension agreement for construction of infrastructure within the Land and any Out Parcels (subject to reimbursement)

EXHIBIT K

WATER FACILITIES EXTENSION AGREEMENT

This Agreement is made this ____ day of _____, 2007 by and between ("Company"), and _____, an _____ ("Developer").

RECITALS:

A. Developer desires that water utility service be extended to and for its real estate development located in Parcel ____ of _____ consisting of ____ (single family, multifamily, or commercial) lots, in the City of Casa Grande, Arizona (the "Development"). A legal description for the Development is attached hereto as Exhibit A and incorporated herein by this reference. The Development is located within Company's Certificate of Convenience and Necessity ("CC&N").

B. Company is a public service corporation as defined in Article XV, Section 2 of the Arizona Constitution which owns and operates water utility facilities and holds a CC&N from the Commission granting Company the exclusive right to provide water utility service within portions of Pinal County, Arizona.

C. Subject to the terms and conditions set forth hereinafter, Developer is willing to construct and install facilities within the Development necessary to extend water utility service to and within the Development, which facilities shall connect to the Company's system as generally shown on the map attached hereto as Exhibit B. Company is willing to provide water utility service to the Development in accordance with relevant law, including the rules and regulations of the Commission on the condition that Developer fully and timely perform the obligations and satisfy the conditions and requirements set forth below.

COVENANTS AND AGREEMENTS:

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Construction of Facilities.** Developer agrees to construct and install water distribution mains and pipelines, valves, hydrants, fittings, service lines and all other related facilities and improvements necessary to provide water utility service to each lot or building within the Development as more particularly described in Exhibit C attached hereto and incorporated herein by this reference (referred to hereinafter as the "Facilities"). The Facilities shall connect to the Company's system at the point shown on the approved plans as generally depicted on the map attached hereto as Exhibit B and shall be designed and constructed within the Development in a manner which allows the provision of safe and reliable water utility service to each lot therein. Subject to the terms and conditions set forth herein (including, without limitation, Company's rights of plan review and approval and inspection of final construction), Developer shall be responsible for all construction activities associated with the Facilities, and

Developer shall be liable for and pay when due all costs, expenses, claims and liabilities associated with the construction and installation of the Facilities.

2. **Construction Standards and Requirements.** The Facilities shall meet and comply with Company's standards and specifications, and all engineering plans and specifications for the Facilities shall be approved by Company and its engineers ("Company's Engineer"), prior to the commencement of construction. Company and Company's Engineer shall review the plans and specifications and shall provide any requirements or comments as soon as practicable. Developer shall require that its contractor be bound by and conform to the plans and specifications for the Facilities as finally approved by Company. The construction and installation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality ("ADEQ"), the Commission, and any other governmental authority having jurisdiction thereover.

3. **Right of Inspection; Corrective Action.** Company shall have the right to have Company's Engineer inspect and test the Facilities at reasonable times during the course of construction as necessary to ensure conformance with plans and specifications. If at any time before the final acceptance by Company of the Facilities any construction, materials or workmanship are found to be defective or deficient in any way, or the Facilities fail to conform to this Agreement, then Company may reject such defective or deficient construction, materials and/or workmanship and require Developer to fully pay for all necessary corrective construction efforts ("Corrective Action"). Company reserves the right to withhold approval and to forbid connection of any defective portion of the Facilities to Company's system unless and until the Facilities have been constructed in accordance with plans and specifications and all applicable regulatory requirements. Further, Developer shall promptly undertake any Corrective Action required to remedy such defects and deficiencies in construction, materials and workmanship upon receipt of notice by Company. The foregoing notwithstanding, Company shall not unreasonably withhold or delay acceptance of the Facilities.

4. **Transfer of Ownership.** Upon completion and approval of the as-built Facilities by Company and any other governmental authority whose approval is required, Developer shall transfer all right, title and interest in the Facilities to Company via a bill of sale in a form satisfactory to Company. Thereafter, Company shall be the sole owner of the Facilities and be responsible for their operation, maintenance and repair. Company's ownership and responsibility shall include all distribution mains and/or related appurtenances within the Development up to the point of connection to the service line of each customer receiving service. Maintenance and repair of each service line, which lines are not part of the Facilities, shall be Developer's, the Development's or each individual customers' responsibility. All work performed by or on behalf of Developer shall be warranted by Developer for one year from the date of transfer of the Facilities to Company against defects in materials and workmanship. Developer shall also covenant, at the time of transfer, that the Facilities are free and clear of all liens and encumbrances, and unless the time period for filing lien claims has expired, shall provide evidence in the form of lien waivers that all claims of contractors, subcontractors, mechanics and materialmen have been paid and satisfied.

5. **Final As-Built Drawings and Accounting of Construction Costs.** Immediately following completion and approval of the Facilities, Developer shall provide Company with

three sets of as-built drawings and specifications for the Facilities and a reproducible copy of such drawings. Developer shall also provide an accounting of the cost of constructing and installing the Facilities, which amount shall be refundable in accordance with paragraph 8, below. Company shall have no obligation to furnish service to the Development or to accept the transfer of the Facilities until Developer has complied with this paragraph.

6. **Easements.** Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate size, location, and configuration so as to allow Company ready access to the Facilities for maintenance and repairs and other activities necessary to provide safe and reliable water utility service. Such easements and rights-of-way shall be provided to Company by Developer at the same time as Developer transfers ownership of the Facilities pursuant to paragraph 4, above. At the time of transfer, all easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

7. **Reimbursement for Engineering and Other Fees and Expenses.** Developer shall also reimburse Company for the costs, expenses and fees, including legal fees and costs that are incurred by Company for preparation of this Agreement, for reviewing and approving the plans and specifications for the Facilities to be constructed by Developer, for inspecting the Facilities during construction and other supervisory activities undertaken by Company, for obtaining any necessary approvals from governmental authorities (collectively the "Administrative Costs"). For such purpose, at the time of the signing of this Agreement, the Developer will pay an advance to the Company of Seven Thousand Five Hundred Dollars (\$7,500). Developer shall provide additional advances to Company, as may be requested by Company in writing from time-to-time, to reimburse Company for any additional Administrative Costs it incurs. All amounts paid to Company pursuant to this provision shall constitute advances in aid of construction and be subject to refund pursuant to paragraph 8, below.

8. **Refunds of Advances.** Company shall refund annually to Developer an amount equal to seven percent (7%) of the gross annual revenues received by Company from the provision of water utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August, commencing in the fourth calendar year following the calendar year in which title to the Facilities is transferred to and accepted by Company and continuing thereafter in each succeeding calendar year for a total of twenty-two (22) years. No interest shall accrue or be payable on the amounts to be refunded hereunder, and any unpaid balance remaining at the end of such twenty-two year period shall be non-refundable. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder. For the purposes of this provision, the total amount of Developer's advances shall be equal to Developer's actual cost of constructing the Facilities, less the costs of any corrective action as defined in paragraph 3 above, the costs of curing any defects arising during the warranty period, as provided herein, and the costs of any unreasonable overtime incurred in the construction of the Facilities, above, and the amounts paid by Developer to Company for Administrative Costs pursuant to paragraph 7, above.

9. **Company's Obligation to Serve.** Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide water utility service to all customers within the Development in accordance with Company's tariffs and schedule of rates and charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements. However, Company shall have no obligation to accept and operate the Facilities in the event Developer fails to make any payment provided in this Agreement, fails to construct and install the Facilities in accordance with Company's standards and specifications and in accordance with the applicable rules and regulations of ADEQ, the Commission or any other governmental authority having jurisdiction thereover, or otherwise fails to comply with the terms and conditions of this Agreement. Developer acknowledges and understands that Company will not establish service to any customer within the Development until such time as Company has accepted the transfer of the Facilities, and all amounts that Developer is required to pay Company hereunder have in fact been paid. The foregoing notwithstanding, the Company shall not terminate service to any customer within the Development to whom service has been properly established as a consequence of any subsequent breach or nonperformance by Developer hereunder.

10. **Liability for Income Taxes.** In the event it is determined that all or any portion of Developer's advances in aid of construction hereunder constituted taxable income to Company as of the date of this Agreement or at the time Company actually receives such advances hereunder, Developer will advance funds to Company equal to the income taxes resulting from Developer's advance hereunder. These funds shall be paid to Company within twenty (20) days following notification to Developer that a determination has been made that any such advances constitute taxable income, whether by virtue of any determination or notification by a governmental authority, amendment to the Internal Revenue Code, any regulation promulgated by the Internal Revenue Service, or similar change to any statute, rule or regulation relating to this matter. Such notification shall include documentation reasonably necessary to substantiate the Company's liability for income taxes resulting from the Developer's advances in aid of construction under this Agreement. In the event that additional funds are paid by Developer under this paragraph, such funds shall also constitute advances in aid of construction. In addition, Developer shall indemnify and hold Company harmless for, from and against any tax related interest, fines and penalties assessed against Company and other costs and expenses incurred by Company as a consequence of late payment by Developer of amounts described above.

11. **Notice.** All notices and other written communications required hereunder shall be sent to the Parties as follows:

COMPANY:

Global Water
Attn: Cindy M. Liles, Senior Vice President
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

DEVELOPER:

Each Party shall advise the other Party in writing of any change in the manner in which notice is to be provided hereunder.

12. **Governing Law.** This Agreement, and all rights and obligations hereunder, shall be subject to and governed by the rules and regulations of the Commission relating to domestic water utilities and generally shall be governed by and construed in accordance with the laws of the State of Arizona. Developer understands and acknowledges that Company's rates and charges, and other terms and conditions applicable to its provision of utility service, may be modified from time-to-time by order of the Commission. Company shall provide Developer with copies of such orders that may affect Developer's rights and obligations hereunder.

13. **Time is of the Essence.** Time is and shall be of the essence of this Agreement.

14. **Indemnification: Risk of Loss.** Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Developer's failure to comply with any of the terms and conditions contained herein, including (without limitation) Company's refusal to serve any unit within the Development based on Developer's failure to pay all amounts required hereunder in a timely manner. Developer's duty to indemnify Company shall extend to all construction activities undertaken by Developer, its contractors, subcontractors, agents, and employees hereunder.

15. **Successors and Assigns.** This Agreement may be assigned by either of the Parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties.

16. **Dispute Resolution.** The Parties hereto agree that each will use best efforts to resolve, through negotiation, disputes arising hereunder without resorting to mediation, arbitration or litigation.

17. **Integration: One Agreement.** This Agreement supersedes all prior agreements, contracts, representations and understandings concerning its subject matter, whether written or oral.

18. **Attorneys' Fees.** The prevailing Party in any litigation or other proceeding concerning or related to this Agreement, or the enforcement thereof, shall be entitled to recover its costs and reasonable attorneys' fees.

19. **Authority to Perform.** Company represents and warrants to Developer that Company has the right, power and authority to enter into and fully perform this Agreement. Developer represents and warrants to Company that Developer has the right, power and authority to enter into and fully perform this Agreement.

DEVELOPER:

By _____
Its _____

COMPANY:

By _____
Cindy Liles
Its: Senior Vice President

EXHIBIT "A"
Legal Description

EXHIBIT "A"
Legal Description

EXHIBIT "B"
Point(s) of Connection

EXHIBIT "C"
Water Facilities Budget
(Required to be completed by Developer prior to execution of agreement)

<u>Item</u>	<u>QTY</u>	<u>UNIT</u>	<u>UNIT \$</u>	<u>TOTAL \$</u>
8" C-900, Class 150 Water Main		LF		
8" Valve Box & Cover Fire Hydrant, Complete		EA		
3/4" Double Water Service		EA		
3/4" Single Water Service		EA		
1 1/2' Landscape service		EA		
2" Landscape service		EA		
1" Landscape service		EA		
Subtotal				<hr/>
Sales Tax				<hr/>
Total				<hr/> <hr/>

EXHIBIT L

WASTEWATER FACILITIES EXTENSION AGREEMENT

This Agreement is made this ____ day of _____, 2007 by and between ("Company"), _____, an _____ ("Developer").

RECITALS:

D. Developer desires that wastewater utility service be extended to and for its real estate development located in Parcel ____ of _____ consisting of ____ (single family, multi-family or commercial) lots, in the City of Casa Grande, Arizona (the "Development"). A legal description for the Development is attached hereto as Exhibit A and incorporated herein by this reference. The Development is located within Company's Certificate of Convenience and Necessity ("CC&N").

E. Company is a public service corporation as defined in Article XV, Section 2 of the Arizona Constitution which owns and operates a sewage treatment plant and collection system and holds a CC&N from the Commission granting Company the exclusive right to provide wastewater utility service within portions of Pinal County, Arizona.

F. Developer is willing to construct and install facilities within the Development necessary to extend wastewater utility service to and within the Development which facilities shall connect to the Company's system as generally shown on the map attached hereto as Exhibit B. Company is willing to provide wastewater utility service to the Development in accordance with relevant law, including the rules and regulations of the Commission on the condition that Developer fully and timely perform the obligations and satisfy the conditions and requirements set forth below.

COVENANTS AND AGREEMENTS:

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Construction of Facilities.** Developer agrees to construct and install sewage collection mains, manholes and/or such other facilities and improvements necessary to provide wastewater utility service to each lot or building within the Development as more particularly described in Exhibit C attached hereto and incorporated herein by this reference (referred to hereinafter as the "Facilities"). The Facilities shall connect to the Company's system at the point shown on the approved plans as generally depicted on the map attached hereto as Exhibit B, and shall be designed and constructed within the Development in a manner which allows the provision of safe and reliable wastewater utility service to each lot therein. Subject to the terms and conditions set forth herein (including, without limitation, Company's rights of plan review and approval and inspection of final construction), Developer shall be responsible for all construction activities associated with the Facilities, and Developer shall be liable for and pay when due all costs, expenses, claims and liabilities associated with the construction and installation of the Facilities.

2. **Construction Standards and Requirements.** The Facilities shall meet and comply with Company's standards and specifications, and all engineering plans and specifications for the Facilities shall be approved by Company and its engineers ("Company's Engineer") prior to the commencement of construction. Company and Company's Engineer shall review the plans and specifications and shall provide any requirements or comments as soon as practicable. Developer shall require that its contractor be bound by and conform to the plans and specifications for the Facilities as finally approved by Company. The construction and installation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality ("ADEQ"), the Commission, and any other governmental authority having jurisdiction thereover.

3. **Right of Inspection; Corrective Action.** Company shall have the right to have Company's Engineer inspect and test the Facilities at reasonable times during the course of construction as necessary to ensure conformance with plans and specifications. If at any time before the final acceptance by Company of the Facilities any construction, materials or workmanship are found to be defective or deficient in any way, or the Facilities fail to conform to this Agreement, then Company may reject such defective or deficient construction, materials and/or workmanship and require Developer to fully pay for all necessary corrective construction efforts ("Corrective Action"). Company reserves the right to withhold approval and to forbid connection of any defective portion of the Facilities to Company's system unless and until the Facilities have been constructed in accordance with plans and specifications and all applicable regulatory requirements. Further, Developer shall promptly undertake any Corrective Action required to remedy such defects and deficiencies in construction, materials and workmanship upon receipt of notice by Company. The foregoing notwithstanding, Company shall not unreasonably withhold or delay acceptance of the Facilities.

4. **Transfer of Ownership.** Upon completion and approval of the as-built Facilities by Company and any other governmental authority whose approval is required, Developer shall transfer all right, title and interest in the Facilities to Company via a bill of sale in a form satisfactory to Company. Company, in its sole discretion, may require Developer to conduct a video inspection of any of the Facilities prior to final approval and acceptance to ensure that no breaks or similar defects exist. Thereafter, Company shall be the sole owner of the Facilities and be responsible for their operation, maintenance and repair. Company's ownership and responsibility shall include all pumping stations, manholes, collection and transmission mains and/or related appurtenances within the Development up to the point of connection of the wastewater line of each customer receiving service to the collection main. Maintenance and repair of each wastewater service line, which lines are not part of the Facilities, shall be Developer's, the Development's or each individual customers' responsibility. All work performed by or on behalf of Developer shall be warranted by Developer for one year from the date of transfer of the Facilities to Company against defects in materials and workmanship. Developer shall also covenant, at the time of transfer, that the Facilities are free and clear of all liens and encumbrances, and unless the time period for filing lien claims has expired, shall provide evidence in the form of lien waivers that all claims of contractors, subcontractors, mechanics and materialmen have been paid and satisfied.

5. **Final As-Built Drawings and Accounting of Construction Costs.** Immediately following completion and approval of the Facilities, Developer shall provide Company with

three sets of as-built drawings and specifications for the Facilities and a reproducible copy of such drawings. Developer shall also provide an accounting of the cost of constructing and installing the Facilities, which amount shall be refundable in accordance with paragraph 8, below. Company shall have no obligation to furnish service to the Development or to accept the transfer of the Facilities until Developer has complied with this paragraph.

6. **Easements.** Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate size, location, and configuration so as to allow Company ready access to the Facilities for maintenance and repairs and other activities necessary to provide safe and reliable wastewater utility service. Evidence of such easements and rights-of-way shall be provided to Company by Developer at the same time as Developer transfers ownership of the Facilities pursuant to paragraph 4, above. At the time of transfer, all easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

7. **Reimbursement for Engineering and Other Fees and Expenses.** Developer shall also reimburse Company for the costs, expenses and fees, including legal fees and costs that are incurred by Company for preparation of this Agreement, for reviewing and approving the plans and specifications for the Facilities to be constructed by Developer, for inspecting the Facilities during construction and other supervisory activities undertaken by Company, for obtaining any necessary approvals from governmental authorities (collectively the "Administrative Costs"). For such purpose, at the time of the signing of this Agreement, the Developer will pay an advance to the Company of Seven Thousand Five Hundred Dollars (\$7,500). Developer shall provide additional advances to Company, as may be requested by Company in writing from time-to-time, to reimburse Company for any additional Administrative Costs it incurs. All amounts paid to Company pursuant to this provision shall constitute advances in aid of construction and be subject to refund pursuant to paragraph 8, below.

8. **Refunds of Advances.** Company shall refund annually to Developer an amount equal to two and one-half percent (2.5%) of the gross annual revenues received by Company from the provision of wastewater utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August, commencing in the fourth calendar year following the calendar year in which title to the Facilities is transferred to and accepted by Company and continuing thereafter in each succeeding calendar year for a total of twenty-two (22) years. No interest shall accrue or be payable on the amounts to be refunded hereunder, and any unpaid balance remaining at the end of such twenty-two year period shall be non-refundable. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder. For the purposes of this provision, the total amount of Developer's advances shall be equal to Developer's actual cost of constructing the Facilities, less the costs of any corrective action as defined in paragraph 3 above, the costs of curing any defects arising during the warranty period, as provided herein, and the costs of any unreasonable overtime incurred in the construction of the Facilities, above, and the amounts paid by Developer to Company for Administrative Costs pursuant to paragraph 7, above.

9. **Company's Obligation to Serve.** Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide wastewater utility service to all customers within the Development in accordance with Company's tariffs and schedule of rates and charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements. However, Company shall have no obligation to accept and operate the Facilities in the event Developer fails to make any payment provided in this Agreement, fails to construct and install the Facilities in accordance with Company's standards and specifications and in accordance with the applicable rules and regulations of ADEQ, the Commission or any other governmental authority having jurisdiction thereover, or otherwise fails to comply with the terms and conditions of this Agreement. Developer acknowledges and understands that Company will not establish service to any customer within the Development until such time as Company has accepted the transfer of the Facilities, and all amounts that Developer is required to pay Company hereunder have in fact been paid. The foregoing notwithstanding, the Company shall not terminate service to any customer within the Development to whom service has been properly established as a consequence of any subsequent breach or nonperformance by Developer hereunder.

10. **Liability for Income Taxes.** In the event it is determined that all or any portion of Developer's advances in aid of construction hereunder constituted taxable income to Company as of the date of this Agreement or at the time Company actually receives such advances hereunder, Developer will advance funds to Company equal to the income taxes resulting from Developer's advance hereunder. These funds shall be paid to Company within twenty (20) days following notification to Developer that a determination has been made that any such advances constitute taxable income, whether by virtue of any determination or notification by a governmental authority, amendment to the Internal Revenue Code, any regulation promulgated by the Internal Revenue Service, or similar change to any statute, rule or regulation relating to this matter. Such notification shall include documentation reasonably necessary to substantiate the Company's liability for income taxes resulting from the Developer's advances in aid of construction under this Agreement. In the event that additional funds are paid by Developer under this paragraph, such funds shall also constitute advances in aid of construction. In addition, Developer shall indemnify and hold Company harmless for, from and against any tax related interest, fines and penalties assessed against Company and other costs and expenses incurred by Company as a consequence of late payment by Developer of amounts described above.

11. **Notice.** All notices and other written communications required hereunder shall be sent to the Parties as follows:

COMPANY:

Global Water
Attn: Cindy M. Liles, Vice President
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

DEVELOPER:

Each Party shall advise the other Party in writing of any change in the manner in which notice is to be provided hereunder.

12. **Governing Law.** This Agreement, and all rights and obligations hereunder, shall be subject to and governed by the rules and regulations of the Commission relating to domestic wastewater utilities and generally shall be governed by and construed in accordance with the laws of the State of Arizona. Developer understands and acknowledges that Company's rates and charges, and other terms and conditions applicable to its provision of utility service, may be modified from time-to-time by order of the Commission. Company shall provide Developer with copies of such orders that may affect Developer's rights and obligations hereunder.

13. **Time is of the Essence.** Time is and shall be of the essence of this Agreement.

14. **Indemnification: Risk of Loss.** Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Developer's failure to comply with any of the terms and conditions contained herein, including (without limitation) Company's refusal to serve any unit within the Development based on Developer's failure to pay all amounts required hereunder in a timely manner. Developer's duty to indemnify Company shall extend to all construction activities undertaken by Developer, its contractors, subcontractors, agents, and employees hereunder.

15. **Successors and Assigns.** This Agreement may be assigned by either of the Parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties.

16. **Dispute Resolution.** The Parties hereto agree that each will use best efforts to resolve, through negotiation, disputes arising hereunder without resorting to mediation, arbitration or litigation.

17. **Integration: One Agreement.** This Agreement supersedes all prior agreements, contracts, representations and understandings concerning its subject matter, whether written or oral.

18. **Attorneys' Fees.** The prevailing Party in any litigation or other proceeding concerning or related to this Agreement, or the enforcement thereof, shall be entitled to recover its costs and reasonable attorneys' fees.

19. **Authority to Perform.** Company represents and warrants to Developer that Company has the right, power and authority to enter into and fully perform this Agreement.

Developer represents and warrants to Company that Developer has the right, power and authority to enter into and fully perform this Agreement.

DEVELOPER:

COMPANY:

By _____
Its _____

By _____
Cindy M. Liles
Its: Senior Vice President

EXHIBIT "A"
Legal Description

EXHIBIT "B"
Point(s) of Connection

EXHIBIT "C"
Wastewater Facilities Budget
(Required to be completed by Developer prior to execution of agreement)

<u>Item</u>	<u>QTY</u>	<u>UNIT</u>	<u>UNIT \$</u>	<u>TOTAL \$</u>
8" SDR 35 Sewer Main		LF		
10" SDR 35 Sewer Main		LF		
4' Manhole EA Sewer Cleanout		EA		
4" Sewer Service		EA		
Subtotal				
Sales Tax				
Total				

EXHIBIT M

WATER INFRASTRUCTURE SITE

EXHIBIT "A"
LEGAL DESCRIPTION
GLOBAL WATER FACILITY

That portion of the Northwest quarter of Section 23, Township 6 South, Range 4 East of the Gila and Salt River Meridian, Pinal County, Arizona, described as follows:

COMMENCING at a found 3/4" iron pipe, accepted as the monument for the West quarter corner of said section from which a found 1/2" rebar with LS tag #25086, accepted as the monument for the Northwest corner of said section bears North 00 degrees 00 minutes 48 seconds East a distance of 2642.55 feet;

Thence along the west line of the Northwest quarter of said section, North 00 degrees 00 minutes 48 seconds East a distance of 415.41 feet;

Thence departing said west line, South 89 degrees 59 minutes 12 seconds East a distance of 55.00 feet to the proposed east right-of-way line of Russell Road, the **POINT OF BEGINNING**;

Thence along said proposed east right-of-way line, North 00 degrees 00 minutes 48 seconds East a distance of 1233.31 feet;

Thence departing said east right-of-way line, South 89 degrees 59 minutes 12 seconds East a distance of 135.00 feet;

Thence South 00 degrees 00 minutes 48 seconds West a distance of 295.00 feet;

Thence South 89 degrees 59 minutes 12 seconds East a distance of 295.00 feet;

Thence North 00 degrees 00 minutes 48 seconds East a distance of 295.00 feet;

Thence South 89 degrees 59 minutes 12 seconds East a distance of 915.00 feet;

Thence South 00 degrees 00 minutes 48 seconds West a distance of 804.76 feet to a point lying on the northerly limits of the Stanfield VORTAC Restricted Area, said point also lying on a non-tangent curve, concave southwesterly, the center of which bears South 18 degrees 22 minutes 04 seconds West a distance of 1200.00 feet;

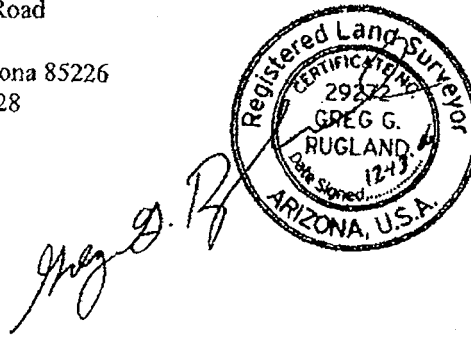
Thence westerly along said northerly limits, along said non-tangent curve through a central angle of 72 degrees 03 minutes 20 seconds for an arc distance of 1509.13 feet to the **POINT OF BEGINNING**.

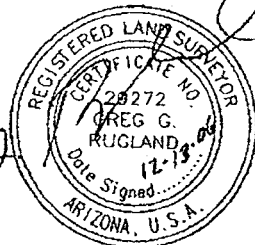
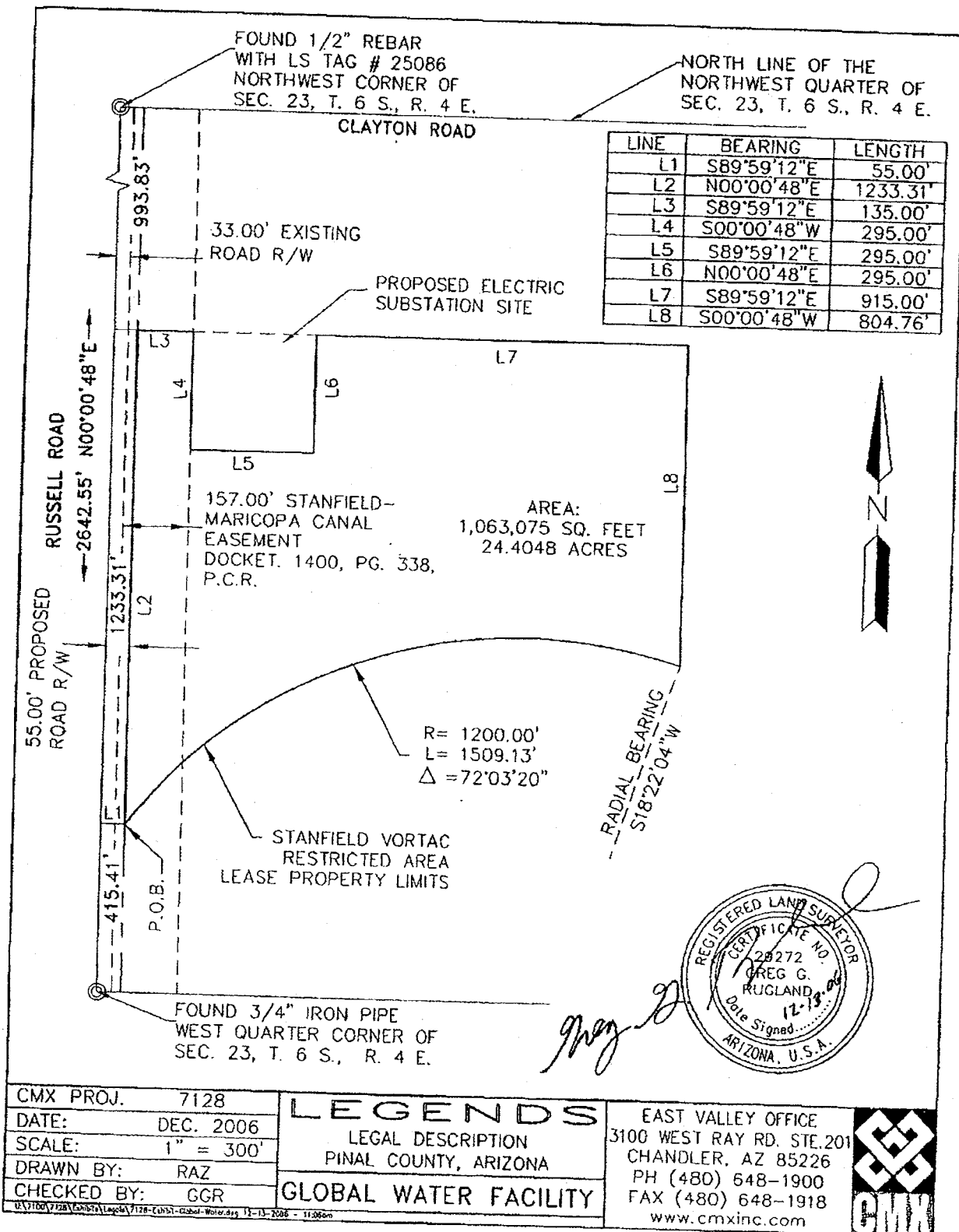
The above-described parcel contains a computed area of 1,063,075 Square Feet (24.4048 acres) more or less and is subject to any easements, restrictions, or rights of way of record or otherwise.

October 18, 2006

U:\7100\7128\Exhibits\Legals\GLOBAL WATER rev.doc

Prepared by: CMX L.L.C.
3100 W. Ray Road
Suite 201
Chandler, Arizona 85226
Project No. 7128
Dec. 13, 2006





CMX PROJ.	7128
DATE:	DEC. 2006
SCALE:	1" = 300'
DRAWN BY:	RAZ
CHECKED BY:	GGR

LEGENDS
LEGAL DESCRIPTION
PINAL COUNTY, ARIZONA
GLOBAL WATER FACILITY

EAST VALLEY OFFICE
3100 WEST RAY RD. STE. 201
CHANDLER, AZ 85226
PH (480) 648-1900
FAX (480) 648-1918
www.cmxinc.com



U:\7128\7128\CMX\7128-Global-Water.dwg 12-18-2006 - 11:06am

EXHIBIT N

PHASE I INFRASTRUCTURE CONSTRUCTION SCHEDULE

EXHIBIT N
Phase I Infrastructure Construction Schedule

Global Water Resources
Project Costs Allocations - Legends Ranch

\$ 7,200,000

Project	Description	Project Costs			
		Total	Paid thru 12/31/06	Remaining	
602-06-036	Well Development	\$ 1,500,000	\$ 57,836.49	\$ 1,442,163.51	3.75%
602-06-037	Raw Water Delivery	\$ 2,000,000	\$	\$ 2,000,000.00	5.00%
602-06-033	Water Distribution Center	\$ 5,000,000	\$ 150,000.00	\$ 4,850,000.00	12.50%
602-06-032	Potable Water Distribution	\$ 800,000	\$ 17,672.50	\$ 782,327.50	2.00%
202-06-032	Wastewater Collection (SE) + Reclaimed	\$ 12,000,000	\$ 89,577.50	\$ 11,910,422.50	30.01%
202-05-037	SE Lift Station	\$ 1,000,000	\$ 108,428.00	\$ 891,572.00	2.50%
202-05-055	Wastewater Forcemain + Reclaimed	\$ 1,200,000	\$ 95,370.29	\$ 1,104,629.71	3.00%
202-06-010	Wastewater Collection (Eagle Shadow) + Reclaimed	\$ 6,000,000	\$ 34,314.46	\$ 5,965,685.54	15.00%
202-05-041	Wastewater Collection (Farrell) + Reclaimed	\$ 3,000,000	\$ 2,976,442.88	\$ 23,557.12	7.50%
202-04-012	WRF Expansion (Legends 3,745 DU Capacity)	\$ 7,490,000	\$	\$ 7,490,000.00	18.73%
		\$ 39,990,000	\$ 3,529,642.12	\$ 36,460,357.88	100.00%

EXHIBIT N

Phase I Infrastructure Construction Schedule

Project	Description	Commence Construction 10.00%	33% Completion 20.00%	66% Completion 30.00%	Substantial Completion 40.00%
602-06-036	Well Development	0.38%	0.75%	1.13%	1.50%
602-06-037	Raw Water Delivery	0.50%	1.00%	1.50%	2.00%
602-06-033	Water Distribution Center	1.25%	2.50%	3.75%	5.00%
602-06-032	Potable Water Distribution	0.20%	0.40%	0.60%	0.80%
202-06-032	Wastewater Collection (SE) + Reclaimed	3.00%	6.00%	9.00%	12.00%
202-05-037	SE Lift Station	0.25%	0.50%	0.75%	1.00%
202-05-055	Wastewater Forcemain + Reclaimed	0.30%	0.60%	0.90%	1.20%
202-06-010	Wastewater Collection (Eagle Shadow) + Reclaimed	1.50%	3.00%	4.50%	6.00%
202-05-041	Wastewater Collection (Farrell) + Reclaimed	0.75%	1.50%	2.25%	3.00%
202-04-012	WRF Expansion (Legends 3,745 DU Capacity)	1.87%	3.75%	5.62%	7.49%
		10.00%	20.00%	30.00%	40.00%

EXHIBIT N
Phase I Infrastructure Construction Schedule

Project	Description	Commence Construction 10.00%	33.00% Completion 20.00%	66.00% Completion 30.00%	Substantial Completion 40.00%
602-06-036	Well Development	\$ 23,696.88	\$ 47,393.77	\$ 71,090.65	\$ 94,787.54
602-06-037	Raw Water Delivery	\$ 31,595.85	\$ 63,191.69	\$ 94,787.54	\$ 126,383.39
602-06-033	Water Distribution Center	\$ 78,989.62	\$ 157,979.23	\$ 236,968.85	\$ 315,958.46
602-06-032	Potable Water Distribution	\$ 12,638.34	\$ 25,276.68	\$ 37,915.02	\$ 50,553.35
202-06-032	Wastewater Collection (SE) + Reclaimed	\$ 189,575.08	\$ 379,150.16	\$ 568,725.23	\$ 758,300.31
202-05-037	SE Lift Station	\$ 15,797.92	\$ 31,595.85	\$ 47,393.77	\$ 63,191.69
202-05-055	Wastewater Forcemain + Reclaimed	\$ 18,957.51	\$ 37,915.02	\$ 56,872.52	\$ 75,830.03
202-06-010	Wastewater Collection (Eagle Shadow) + Reclaimed	\$ 94,787.54	\$ 189,575.08	\$ 284,362.62	\$ 379,150.16
202-06-041	Wastewater Collection (Farrell) + Reclaimed	\$ 47,393.77	\$ 94,787.54	\$ 142,181.31	\$ 189,575.08
202-04-012	WRF Expansion (Legends 3,745 DU Capacity)	\$ 118,326.44	\$ 236,652.89	\$ 354,979.33	\$ 473,305.78
		\$ 631,758.95	\$ 1,263,517.89	\$ 1,895,276.84	\$ 2,527,035.79

EXHIBIT N
Phase I Infrastructure Construction Schedule

		Due	Jan 2007	Feb 2007	Mar 2007
Project	Description				
602-06-036	Well Development	\$ 14,459.12			
602-06-037	Raw Water Delivery	\$ -			
602-06-033	Water Distribution Center	\$ 37,500.00			
602-06-032	Potable Water Distribution	\$ 4,418.13			\$ 12,638.34
202-06-032	Wastewater Collection (SE) + Reclaimed	\$ 22,394.38			\$ 189,575.08
202-05-037	SE Lift Station	\$ 27,107.00			
202-05-055	Wastewater Forcemain + Reclaimed	\$ 23,842.57	\$ 18,957.51		\$ 37,915.02
202-06-010	Wastewater Collection (Eagle Shadow) + Reclaimed	\$ 8,578.62	\$ 94,787.54	\$ 189,575.08	\$ 284,362.62
202-05-041	Wastewater Collection (Farrell) + Reclaimed	\$ 744,110.72		\$ 189,575.08	
202-04-012	WRF Expansion (Legends 3,745 DU Capacity)	\$ -			
		\$ 882,411	\$ 398,108	\$ 379,150	\$ 524,491
	Cumulative	\$ 882,411	\$ 1,280,518	\$ 1,659,668	\$ 2,184,159

EXHIBIT N

Phase I Infrastructure Construction Schedule

		Apr 2007	May 2007	Jun 2007	Jul 2007
Project	Description				
602-06-036	Well Development		\$ 23,696.88		\$ 47,393.77
602-06-037	Raw Water Delivery	\$ 31,595.85	\$ 63,191.69	\$ 94,787.54	\$ 126,383.39
602-06-033	Water Distribution Center		\$ 78,989.62		\$ 157,979.23
602-06-032	Potable Water Distribution	\$ 25,276.68	\$ 37,915.02	\$ 50,553.35	
202-06-032	Wastewater Collection (SE) + Reclaimed		\$ 379,150.16		\$ 568,725.23
202-05-037	SE Lift Station			\$ 15,797.92	
202-05-055	Wastewater Force Main + Reclaimed	\$ 56,872.52		\$ 75,830.03	
202-06-010	Wastewater Collection (Eagle Shadow) + Reclaimed	\$ 379,150.16			
202-05-041	Wastewater Collection (Farrell) + Reclaimed				
202-04-012	WRF Expansion (Legends 3,745 DU Capacity)				
		\$ 492,895	\$ 582,943	\$ 236,969	\$ 900,482
	Cumulative	\$ 2,677,055	\$ 3,259,998	\$ 3,496,967	\$ 4,397,448

EXHIBIT N
Phase I Infrastructure Construction Schedule

		Aug 2007	Sep 2007	Oct 2007	Nov 2007
Project	Description				
602-06-036	Well Development		\$ 71,090.65	\$ 94,787.54	
602-06-037	Raw Water Delivery				
602-06-033	Water Distribution Center		\$ 236,968.85	\$ 315,958.48	
602-06-032	Potable Water Distribution				
202-06-032	Wastewater Collection (SE) + Reclaimed				
202-05-037	SE Lift Station	\$ 758,300.31			
202-05-055	Wastewater Foremain + Reclaimed	\$ 31,595.85	\$ 47,393.77	\$ 63,191.69	
202-06-010	Wastewater Collection (Eagle Shadow) + Reclaimed				
202-05-041	Wastewater Collection (Fairrell) + Reclaimed				
202-04-012	WRF Expansion (Legends 3,745 DU Capacity)				
		\$ 789,896	\$ 1,538,718	\$ 473,938	\$ -
	Cumulative	\$ 5,187,345	\$ 6,726,062	\$ 7,200,000	\$ 7,200,000

EXHIBIT N
Phase I Infrastructure Construction Schedule

Project	Description	Dec 2007		Total	
602-06-036	Well Development	\$		251,428	
602-06-037	Raw Water Delivery	\$		315,958	
602-06-033	Water Distribution Center	\$		827,396	
602-06-032	Potable Water Distribution	\$		130,802	
202-06-032	Wastewater Collection (SE) + Reclaimed	\$		1,918,145	
202-05-037	SE Lift Station	\$		185,086	
202-05-055	Wastewater Forcemain + Reclaimed	\$		213,418	
202-06-010	Wastewater Collection (Eagle Shadow) + Reclaimed	\$		956,454	
202-05-041	Wastewater Collection (Farrell) + Reclaimed	\$		1,218,048	
202-04-012	WRF Expansion (Legends 3,745 DU Capacity)	\$		1,183,264	
		\$	-	\$	7,200,000
	Cumulative	\$	7,200,000		

WMG - 4

FIRST AMERICAN TITLE

WHEN RECORDED RETURN TO:
Global Water Resources, LLC
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

4720441

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
20060939440 07/13/2006 04:11
ELECTRONIC RECORDING

4720441-83-1-1--
Gonzalesj

INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

THIS INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT (this "Agreement") is entered into as of July 10, 2006 between Global Water Resources, LLC, a Delaware limited liability company ("GWR" and "Coordinator") and Sierra Negra Ranch, LLC, a Nevada limited liability company ("Landowner").

RECITALS

A. Coordinator is engaged in the business of, among other things, acquiring and consolidating water and wastewater utilities, coordinating the provision of water, wastewater and reclaimed water services to landowners through Coordinator's regulated public service corporation affiliates and providing services or benefits to landowners, such as: (i) developing master utility plans for services including natural gas, electricity, cable television, Internet, intranet, and telecommunications; (ii) providing coordination of construction services for water, reclaimed water and wastewater treatment facilities, and (iii) providing financing for the provision of infrastructure in advance of growth. Coordinator's services to be provided pursuant to this Agreement shall, however, be provided as set forth hereinafter.

B. Coordinator owns several regulated utilities in the State of Arizona and is in the process of acquiring West Maricopa Combine, Inc. ("WMC"), an Arizona corporation, the holding company for five regulated water utilities including Water Utility of Greater Tonopah, Inc. ("WUGT"), an Arizona corporation, the result of which is expected to include serving the Landowner's property known as Silver Water Ranch and Silver Springs Ranch (the "Land") as more particularly described in Exhibit A to this Agreement. Coordinator intends to coordinate and facilitate water utility service to the Land through WUGT and any and all of Landowner's obligations under this Agreement relating to water utility service are contingent on final closing of the acquisition of WMC and WUGT. Upon such closing and approval, WMC and WUGT

will be wholly owned subsidiaries of Global Water, Inc., a wholly owned subsidiary of GWR. Coordinator represents and warrants: (1) that the acquisition of WMC and WUGT does not require approval of the Arizona Corporation Commission ("ACC"); (2) that Coordinator has full power to carry out the transactions provided for in this Agreement; (3) that Coordinator is not a party to any bankruptcy or similar proceeding, nor to the best of Coordinator's knowledge, are there any other matters pending which would adversely affect Coordinator's ability to perform the services set forth in this Agreement; (4) and that Coordinator has the financial capacity and experience to oversee and financially guarantee and hereby does guarantee to Landowner that Coordinator's subsidiaries will have sufficient financial resources to provide the Utility Services described in this Agreement.

C. Coordinator has formed a wastewater utility referred to as Hassayampa Utility Company, Inc. ("HUC") in order to serve the Land and other properties in the area, and has filed an application with the ACC for issuance of a Certificate of Convenience and Necessity ("CC&N") to provide public wastewater utility service in the State of Arizona. HUC's pending application for issuance of a CC&N pertains to another development and currently is before the ACC under Docket No SW-20422A-05-0659. HUC is a wholly owned subsidiary of Global Water, Inc., a wholly owned subsidiary of GWR. Coordinator provides equity and will provide equity for its subsidiaries' capital construction and improvements.

D. It is Coordinator's intention in this Agreement to coordinate the provision of integrated water, wastewater, and reclaimed water plant and services, and those related services, to the Land. Within thirty (30) days of the closing of the acquisition of WMC and WUGT by Coordinator, Coordinator shall coordinate and arrange for the filing of CC&N extension applications by WUGT and HUC as necessary with the ACC to provide water, reclaimed water, and wastewater service (collectively, "Utility Services") to the Land as well as other land. Coordinator shall consult and coordinate with the Landowners regarding such filing. To the best of Coordinator's actual knowledge, there are no laws, restrictions or other agreements which may prevent Coordinator from obtaining all the governmental authorizations described in this Agreement, including the CC&N extension and approvals from the ACC. Coordinator does not have an agreement with any third party (other than a financing agreement with its lenders) under which Coordinator or its successors in interest is or could become obligated to (i) sell HUC or WUGT or any portion thereof to a third party, or (ii) grant, transfer, or dedicate any part of

HUC's or WUGT's assets to a third party. Under this Agreement, Coordinator shall facilitate and arrange the provision of water, wastewater and reclaimed water services to the Land through WUGT and HUC, and Coordinator shall financially guarantee to Landowner that WUGT and HUC will have sufficient financial resources to provide water, wastewater and reclaimed water service to the Land. Landowner's obligations under this Agreement relating to wastewater service are contingent on HUC obtaining a valid CC&N from the ACC and extending its CC&N to include the Land, and Coordinator's continuing financial guarantees as set forth in this Agreement. Landowner's obligations under this Agreement relating to water service are contingent on WUGT obtaining a final order from the ACC extending WUGT's CC&N to include the Land, and Coordinator's financial guarantees as set forth in this Agreement. Under this Agreement, Coordinator, WUGT and HUC shall be responsible for any and all engineering, design, construction, licensing, permitting, payment and financing for and of any and all water, wastewater, and reclaimed water plant, production, treatment, storage, pumping, and delivery facilities constructed on or off the Land or on Coordinator's, WUGT's or HUC's properties to the Delivery Points as defined below (the "Off-Site Facilities"), necessary to provide water, reclaimed water, and wastewater service to the Land, and shall hold Landowner harmless from any liens or additional charges on the Land resulting from Coordinator's, WUGT's, and HUC's provision of services to the Delivery Points as set forth in this Agreement. Under this Agreement, "Off-Site Facilities" means those water, reclaimed water, and wastewater facilities to be constructed by Coordinator or its subsidiaries under this Agreement, including all water, reclaimed water, and wastewater plant, production, treatment, transmission, storage, pumping, and delivery facilities constructed either off the Land, on the Land (but expressly excluding any delivery systems to the actual end-users on the Land), or on Coordinator's, WUGT's or HUC's properties to the Delivery Points as further defined and set forth on attached Exhibit H. Landowner shall not have any additional financial responsibilities for Off-Site Facilities, including additional charges or hook-up fees intended to reimburse Coordinator, HUC and/or WUGT for Off-Site Facilities costs, except as set forth in this Agreement.

E. Landowner is the fee simple owner of that certain real property located in Maricopa County, Arizona, the legal description of which is included on the attached Exhibit A (the "Land").

F. To protect Landowner's long-term investment in the Land and to ensure that the

Land has access to essential utility services, the Landowner desires to engage Coordinator to provide various services including arranging and coordinating for the Landowner the provision of water, reclaimed water, and wastewater utility services, and related services, by WUGT and HUC with respect to the Land pursuant to the terms and conditions hereinafter set forth. Landowner will work with WUGT and HUC to include the Land in WUGT's and HUC's CC&N service areas as necessary. Landowner may entitle and sell the land in whole, in part, or in multiple phases to entities for future development. Through Coordinator, Landowner has requested water, reclaimed water and wastewater services from WUGT and HUC, and GWR through WUGT and HUC has, subject to the terms of this Agreement and as otherwise legally permitted, agreed to provide such services to Landowner, including the financing and construction of any and all Off-Site Facilities necessary to provide water, reclaimed water and wastewater services to the Land. Coordinator shall facilitate and arrange for WUGT and HUC to provide "will serve" letters contemporaneously with the execution of this Agreement in a form consistent with Exhibit I and shall provide notices of intent to serve as required by governmental agencies from WUGT and HUC for Landowner. In the event WUGT and HUC do not provide such will serve letters and notice of intent to serve to Landowner, any amounts paid by Landowner under this Agreement shall remain in an interest bearing escrow account as set forth hereinafter until WUGT and HUC provide such will serve letters and notices of intent. If WUGT and HUC fail to provide such letters and notices within 90 days of the date of this Agreement, Landowner shall have the right to a refund of any and all monies in such escrow account, including accrued interest. The Parties acknowledge that all Utility Services will be provided by WUGT and HUC, and that Coordinator itself does not provide Utility Services.

G. The Parties acknowledge that the approval or extension of WUGT's and HUC's CC&Ns may not be finalized until such time as the appropriate Arizona Department of Water Resources ("ADWR"), Arizona Department of Environmental Quality ("ADEQ"), Maricopa County Environmental Services Department ("MCESD"), and Maricopa Association of Governments ("MAG") permits and approvals are in place.

H. The parties recognize and acknowledge that this Agreement is a financing, coordination, and option agreement only as more fully set forth herein. The fees contemplated in this Agreement represent an approximation of the carrying costs associated with interest and capitalized interest associated with the financing of infrastructure for the benefit of the

Landowner or its successors until such time as the rates associated from the provision of services within the areas to be served as contemplated by this agreement generate sufficient revenue to carry the ongoing carrying costs for this infrastructure. Coordinator shall bear the risk that the approximation of the carrying costs does not match actual carrying costs, and Landowner shall not be required to pay any additional amount to Coordinator or to others for carrying costs. Nothing in this Agreement should be construed as a payment of principal, a contribution or advance to the utilities and will bear no repayment of any kind or nature in the future, unless otherwise agreed by the Parties, or except as otherwise required in this Agreement.

I. The Parties recognize, acknowledge and agree that the wastewater provisions of this Agreement are contingent upon one twenty (20) acre wastewater treatment site, with an option for up to 10 additional contiguous acres as described in subsection 3.5, for a Water Reclamation Facility ("WRF"), as outlined in the MAG 208 document filed by HUC on May 8, 2006, being deeded to HUC within 60 days of signing this Agreement or as soon thereafter as is reasonably possible under applicable Arizona laws. Any change to the site location identified in the MAG 208 proceedings will require Landowner's written consent, not to be unreasonably withheld, and, if required, Coordinator shall seek to obtain an amendment to the MAG 208 Plan. The Parties also recognize, acknowledge and agree that the water supply obligations of this Agreement are contingent upon a three (3) acre water treatment plant ("WTP") site being deeded to Coordinator or to WUGT within twelve months of the execution of this Agreement or as soon thereafter as is reasonably possible under applicable Arizona laws. The WTP site can be located within the open space requirements of Maricopa County. In the event HUC and/or Coordinator fail to satisfy and/or meet, or more likely than not will not be able to meet, any and all CC&N conditions or other regulatory requirements, or other conditions and performance requirements set forth in this Agreement for reclaimed water and/or wastewater services as provided for herein, the land for the WRF shall revert immediately to Landowner and HUC and/or Coordinator shall deed such land in fee with no encumbrances to Landowner within 60 days of such failure. In the event WUGT and/or Coordinator fail to satisfy and/or meet, or more likely than not will not be able to meet, any and all CC&N conditions or other regulatory requirements, or other conditions and performance requirements set forth in this Agreement for water services as provided for herein, the land for the WTP shall revert immediately to Landowner and WUGT and/or Coordinator shall deed such land in fee with no encumbrances to Landowner within 60

days of such failure. In these events, Coordinator shall execute any and all necessary additional documents to effectuate such reversion to Landowner within ten (10) days of Landowner's written request. The locations of the WRF and WTP must be reasonably approved in writing by the Landowner, and any changes to the approved locations shall require the Landowner's additional written approval and will occur upon Landowner's reasonable request. The proposed WRF locations as submitted on the MAG 208 filing are identified on Exhibit H.

J. The Parties recognize, acknowledge and agree that this Agreement is contingent upon the acquisition of WMC and WUGT by Coordinator or its affiliates. It is further recognized, acknowledged and agreed that \$500 per EDU of the Landowner Payment described in subsection 4.1 will be allocated toward the acquisition purchase price of WMC and all its subsidiaries.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Obligations of Coordinator. Upon execution of this Agreement, Coordinator shall use its best efforts to complete the acquisition of WMC and WUGT, and upon such acquisition, Coordinator shall facilitate, arrange and/or coordinate with WUGT and HUC to provide Utility Services to Landowner, including without limitation, obtaining any and all necessary permits and approvals from the ACC, ADWR, ADEQ, MCESD, and MAG for WUGT and HUC lawfully to provide timely Utility Services to the Land, which will contain approximately 8,622 EDUs. In return for the payments by Landowner herein, and subject to the terms herein, Coordinator, through WUGT and HUC, shall construct any and all water, reclaimed water, and wastewater treatment plant, delivery facilities and lines required by the development plan to the Delivery Points and to a reclaimed water storage facility within the Land, at locations to be requested by Coordinator or Landowner consistent with the development master plan and plats, and approved by Landowner (the "Delivery Points"). Delivery Points have been estimated based on the current site plan and noted on Exhibit H. Coordinator shall achieve substantial completion of the WTP and WRF within 18 months of the issuance of the Start Work Notice ("SWN") described in subsection 4.1 below including any and all Off-Site Facilities. Coordinator shall and hereby does financially guarantee to Landowner that WUGT and HUC shall have sufficient financial

resources to construct the appropriate water, reclaimed water, and wastewater facilities to provide water, reclaimed water and wastewater services to the Land for approximately 8,622 EDUs. It is estimated that it may take up to eighteen (18) months to obtain all necessary permits and/or approvals contemplated by this Agreement. Following satisfaction of the conditions and regulatory approvals set forth above, Landowner may in its absolute discretion issue a SWN to Coordinator to commence construction. Upon issuance of such notice, Coordinator shall commence bidding of construction services. Coordinator shall facilitate the construction and achieve substantial completion within 18 months from the date of such notice as referenced below.

2. Coordination with WUGT and HUC. Coordinator shall cooperate with Landowner as reasonably requested by Landowner and shall arrange and obtain the list of services on Exhibit D hereto for Landowner to be provided from WUGT and HUC, subject to obtaining the applicable regulatory approvals. Landowner or any successor to Landowner desiring the delivery of Utility Services to any portion of the Land from the Delivery Points must enter into separate Water Facilities Extension and Wastewater Facilities Extension Agreements (the "Extension Agreements") with WUGT and HUC respectively, at or prior to the time any portion of the Land has received final plat approval from Maricopa County ("Plat Approval") unless otherwise agreed by the Parties. The Extension Agreements shall not contain any charges or fees for the cost of Off-Site Facilities or related services provided to the Delivery Points, including any administrative or oversight charges. To the extent either WUGT or HUC requests that Landowner contribute or finance additional monies for Off-Site Facilities to provide water, reclaimed water or wastewater service to the Land, Coordinator hereby acknowledges and agrees that Landowner shall not be responsible for payment of such additional costs for Off-Site Facilities to WUGT or HUC. Rather, Coordinator shall be responsible for payment of any and all such additional costs for Off-Site Facilities as requested by WUGT or HUC or as otherwise required. At Landowner's option, Landowner may pay WUGT or HUC for such additional costs for Off-Site Facilities, and Landowner then may offset and deduct any such payments to WUGT or HUC against any remaining amounts due to Coordinator under this Agreement. Unless otherwise agreed and negotiated by the Parties, which the Parties agree to do in good faith, the Extension Agreement shall be in the form attached hereto as Exhibits E and E, subject to the approval of the ACC.

3. Obligations of Landowner. Landowner agrees to cooperate with Coordinator as reasonably requested by Coordinator and agrees to provide all information and documentation reasonably available to Landowner about the Land reasonably necessary for Coordinator to comply with its obligations under this Agreement. The site plan anticipated at the time of this Agreement for the Land is attached hereto as Exhibit B. Landowner may make changes to the site plan at Landowner's discretion (so long as such changes do not materially affect the obligations of the Parties herein), or the site plan will change consistent with Maricopa County decisions and requirements, and such changes shall be incorporated into this Agreement when received by Coordinator.

3.1 In addition, Landowner agrees to grant to WUGT and HUC, all reasonably necessary easements and rights of way on the Land requested by Coordinator and agreed by Landowner for the construction and installation and subsequent operation, maintenance and repair of the Utility Services. As determined and reasonably agreed by the Parties, such easements and rights of way shall be of adequate size, location and configuration so as to allow WUGT and HUC, when the Land is developed by Landowner or its successors, ready and all weather access to all facilities for maintenance and repairs and other activities reasonably necessary to provide safe and reliable water, reclaimed water, and wastewater Utility Services in a timely manner. Landowner is not required to provide any easements or access to any locations outside of the Land.

3.2 Assured Water Supply Once WUGT has constructed the WTP and has a pressurized water system inclusive of hydrants on the portion of the Land where Landowner needs and has requested water, and except as otherwise provided in this Agreement, the Parties agree that Landowner will pay the ACC Tariff rates for water provided by WUGT, including construction water. Coordinator shall coordinate and negotiate with WUGT for a credit or reimbursement to Landowner in an amount equal to Landowner's reasonable expenditures and reasonable costs to provide any non-groundwater water resources or Type 2 right to WUGT pursuant to subsection 3.2.1 below. In order for the credit or reimbursement to occur, WUGT must own or control the non-groundwater water resource or Type 2 right provided by Landowner. The reclaimed water Tariff rate shall apply to any water WUGT provides to Landowner for interim uses on parcels that will use reclaimed water long term, such as golf course watering, lake fill

and refill, and common area watering. Landowner agrees to not apply for a Certificate of Assured Water Supply before January 1, 2007 to allow Coordinator the opportunity to research the option of obtaining an Assured Water Supply Designation.

3.2.1 Coordinator is currently planning to have WUGT obtain an Assured Water Supply Designation ("Designation") from ADWR to serve WUGT's service area. This subsection 3.2.1 shall apply only if Coordinator or WUGT secure a Designation. As Landowner at its discretion ceases to utilize the appurtenant grandfathered groundwater withdrawal rights on the Land or any phase of the Land for which a final plat has not yet been approved, for farming or raising of stock, and for construction or development purposes, Landowner will submit an application to ADWR to extinguish the Irrigation Grandfathered Rights and Type 1 Rights appurtenant to these areas, and will transfer the extinguishment credits to WUGT in consideration of WUGT's provision of an assured water supply for the Land. Landowner or its successor may at their discretion retain the Type 1 Rights appurtenant to a parcel of land to utilize long term in conjunction with development of hot spring facilities on the Land. To the extent the Irrigation Grandfathered Rights, Type 1 Rights, or alternative water supplies provided by Landowner to WUGT at the time set forth in Section 3.2 and pursuant to this subsection 3.2.1 are insufficient to provide the quantity of water necessary to meet the needs of certain non-residential uses, including water features, hot spring facilities, turf-related facility watering, lakes, and golf course uses, Landowner agrees to provide Type 2 rights, Type 1 rights delivered from other portions of the Land that have not yet received final Plat Approval, long-term storage credits and/or a recovery well permit, or an acceptable alternative water supply, that may be used to serve these uses in a manner that is consistent with ADWR's consistency with management goal requirements and that, if applicable, does not result in an increase to any replenishment obligation of WUGT (unless Landowner satisfies such obligation) until the Land is generating enough reclaimed water for those purposes. Coordinator shall negotiate and coordinate with WUGT to withdraw and serve such Type 2 water, Type 1 water, stored water or alternative water to Landowner upon request as set forth in this Agreement. Notwithstanding the provisions in this subsection, Coordinator will indemnify Landowner for any actions taken by Coordinator or its subsidiaries that demonstrably

harms Landowner's priority to physically available water below Landowner's property as determined in the ADWR's Analysis of Assured Water Supply ("Analysis") number 28-401346.0000 dated September 28, 2004. Coordinator's indemnity shall be limited to the obligation to timely provide an equivalent amount of physically available water of such a quantity and quality as is required to meet Landowner's objectives for the Land within the quantity and quality deemed available in the Analysis.

3.2.2 This subsection 3.2.2 shall apply if Coordinator or WUGT are unable to obtain a Designation or if Coordinator or WUGT fail to obtain or will not be able to obtain a Designation within six (6) months prior to the date Landowner or its successors reasonably expect to obtain final Plat Approval for any part of the Land. Landowner shall retain all Irrigation Grandfathered Rights and Type 1 Rights appurtenant to the Land or phase to be Certificated. Landowner or its successors will notify Coordinator of the platting timeline when the same is determined by Landowner in its reasonable discretion. Landowner shall retain the right to use Type 1 Rights within the Land or phase, and WUGT shall be responsible for administering or reporting such uses if required by ADWR or the Central Arizona Groundwater Replenishment District. If Landowner chooses to extinguish any Irrigation Grandfathered Rights or Type 1 Rights, Landowner will retain the extinguishment credits. For two years past the date the Certificate of Assured Water Supply issues for the applicable Land or phase, WUGT shall have the exclusive option to purchase any such extinguishment credits resulting from such Land or phase pursuant to this subsection for \$100 per credit to be paid to the owner of the credits.

3.3 Coordinator or WUGT's interests in owning existing wells on the Land are primarily for groundwater uses until reclaimed water is available as well as possibly converting the well to a service area well for use in water production for the CC&N area. After Landowner or its delegee have ceased farming a portion of the Land, and if such wells, tanks, pressurization structures or other water appurtenances are no longer needed by Landowner for uses on or under the Land, Landowner shall transfer and convey to Coordinator or WUGT at no cost to WUGT (or Coordinator) any of Landowner's wells, tanks, pressurization structures, and other water appurtenances of any kind or nature on such portion of Land that Coordinator, in its sole and reasonable discretion, deems useful

for WUGT, whether operational, abandoned, agricultural or otherwise. In addition, if WUGT identifies existing well sites on the Land that WUGT deems useful for WUGT, and such existing well sites are not located within areas identified in the current or any approved preliminary plans as areas to be used for entrances, entry monumentation or public roadways, Landowner shall cause such well sites to be identified on the final Plat Approval and dedicated to WUGT in fee, free of all liens, claims and encumbrances of any kind or nature whatsoever. If WUGT selects an existing well site for uses identified at the beginning of this sub-section, and Landowner or its successors still wish to use the existing well, then Landowner or its successors will establish a customer account with WUGT whereby Landowner can obtain the water necessary to continue farming or raising of live stock, or for construction uses in areas or phases of the Land that lack a pressurized water system inclusive of hydrants at a special agricultural or bulk rate equal to Landowner's cost of pumping and required repairs prior to the transfer of the well. In lieu of ACC approval for the special agricultural or bulk rate, Coordinator will subsidize the Landowner in this area. Coordinator or WUGT shall be responsible for the well site, well replacement, and all well operation and maintenance expenses. Any well sites, tanks and pressurization structures not transferred to Coordinator or WUGT are to be decommissioned at the Landowner's expense.

3.4 Both Parties acknowledge that until reclaimed water is available for the Land, groundwater from wells on the Land may be utilized. The rate charged for the use of such groundwater for lake fills is the ACC Tariff rate set for reclaimed water. Coordinator will obtain an Interim Use Permit ("IUP") from ADWR on behalf of the Landowner or the Landowner's homeowners association to allow the use of groundwater or alternative water source until reclaimed water is available. Specific identified costs associated with completing the IUP will be reimbursed by Landowner to Coordinator subject to written documentation of such costs. Such costs may include engineering plans prepared by Landowner's engineering firm for the benefit of ADWR subject to Landowner's prior written notice. The ongoing renewal costs and annual reporting associated with the maintenance of the IUP shall be borne by the Landowner or the designated homeowners association as appropriate. Upon agreement of the Parties,

which will not be unreasonably withheld by Coordinator, Landowner or its successor may submit its own IUP application at its own expense.

3.5 Landowner agrees to deed or cause the deeding by the record owner, free and clear of all liens and encumbrances, and at no cost to Coordinator, one twenty (20) acre wastewater treatment site for a Water Reclamation Facility ("WRF"), as outlined in the MAG 208 document filed by HUC on May 8, 2006 and as determined in consultation with Landowner, to Coordinator or to HUC prior to the filing of an Aquifer Protection Permit by HUC. If Landowner's approved development master plan requires changes to the WRF location or plan, Coordinator shall seek approval for an amendment the MAG 208 Plan consistent with the approved development master plan for the Land. If a site change for the WRF is required, Landowner recognizes Coordinator's obligation under the preceeding sentence is contingent on the approved amendment of the MAG 208 Plan. As required for service to the Land, Landowner is responsible for all costs related, if any, to provide that the actual footprint of the WRF (as located within the WRF site) is out of the floodplain prior to the filing of permits at Landowner's request as necessary for the construction and ultimate operation of the WRF to serve the Land. Landowner acknowledges the 20 acres may require specific zoning and will use its best efforts to achieve zoning necessary from Maricopa County for the location and operation of a WRF. The Parties agree that the Utility Services for the Land are contingent on the use of this site as a WRF. If required to meet MAG 208 regional plan requirements, after the initial 20 acres are conveyed, and upon Coordinator's request, Landowner shall convey to Coordinator, or HUC or Coordinator's nominee subject to the requirements of this Agreement, excess land in the amount of up to an additional 10 acres contiguous to the WRF site (the "Excess Land") that is also free and clear of all liens and encumbrances, and Landowner will use its best efforts to achieve zoning necessary from Maricopa County for the location and operation of a WRF on such Excess Land. Coordinator or HUC will have an option to purchase the Excess Land from the Landowner for a period of five years from the date of signing this Agreement at a purchase price based upon Landowner's basis in the land at the time of execution of this Agreement plus accrued interest from the date of this Agreement. The interest rate paid will be the Prime Interest Rate as established by Wells Fargo Bank or Chase Bank as determined by Landowner in

its reasonable discretion. Coordinator may exercise such option solely for purposes of locating and operating a WTP, WRF or Wastewater Treatment Plant on the Excess Land. If the option is exercised for a WTP, then the unused WTP land referred to in Recital I and Section 3.6 of this Agreement not otherwise used for such purpose shall be returned to Landowner. The Parties further understand and agree that the total amount of land provided under this subsection, including any and all setbacks shall not exceed 30 acres. Coordinator or HUC shall grant Landowner an easement to use up to two of the four sides of the 350 foot setback within such 30 acres as Landowner requests, so long as such uses and easement are consistent with government requirements and HUC's service obligations to its customers. Maintenance of the setback used by the Landowner is the responsibility of the Landowner. Coordinator agrees that the acreage provide to Coordinator and HUC pursuant to this subsection is sufficient to satisfy any ADEQ or other setback requirements applicable to HUC's wastewater treatment facilities. Coordinator also agrees that the use of the acreage by Coordinator, WUGT and/or HUC shall be limited to facilities and structures necessary for WUGT and/or HUC to provide water, reclaimed water and wastewater services, including reclaimed water retention structures and SCADA towers not to exceed 150 feet unless otherwise consulted with the Parties. The Parties acknowledge and agree that Coordinator, WUGT and/or HUC may install only one tower per WTP, WRF and well site. Coordinator shall not allow any party other than Landowner without Landowner's written permission to use, any of the four sides of the 350 foot setback for a purpose that Landowner determines is inconsistent with future development plans (for example, cell phone towers, electrical towers, or other unsightly uses, or uses likely to be a nuisance to neighboring homeowners). In consultation with Landowner, Coordinator shall make reasonable efforts to design and configure such SCADA tower to minimize disruption of development views or other impacts on the Land. In the event Coordinator or its subsidiaries do not use the 20 acre WRF site for location and siting of a WRF to serve the Land, or in the event that Coordinator or its subsidiaries do not use the 3 acre WTP site for location and siting of a WTP to serve the Land, or in the event that Coordinator or its subsidiaries do not use the Excess Land for location and siting of a WRF and/or WTP, then Coordinator shall reconvey such unused Land or unused portion of the Land to Landowner.

3.6 The Landowner further agrees, within 12 months of the execution of this Agreement, or as soon thereafter as is reasonably possible under applicable Arizona laws, and at no cost to Coordinator, to deed, free and clear of all liens and encumbrances, a three (3) acre water treatment site ("WTP") to Coordinator or to WUGT in a location reasonably requested by Coordinator or WUGT and approved in writing by Landowner.

3.7 In the event HUC, WUGT and/or Coordinator fail to satisfy and/or meet any and all CC&N conditions or other regulatory requirements, the land previously deeded for the unsuccessful WRF and/or WTP shall revert to Landowner. HUC, WUGT and/or Coordinator shall deed such land back to Landowner within one month of Landowner's request free and clear of any and all encumbrances and/or liens on such land. Coordinator shall execute any and all documents necessary to effectuate such reversion to Landowner.

4. Payment Obligations. Landowner, or its assigns in title and/or successors in title, shall pay Coordinator as an acquisition, interest and financing fee as full and final compensation to the Coordinator in consideration for its services and performance of its covenants and agreements contained in this Agreement, at the times specified in this Agreement the total sum of \$5,500.00 per EDU in the developments (the "Landowner Payment"), with any portion of this sum unpaid at the time of final plat approval for the portion of the Land affected, or sale of the Land or a portion of the Land by Landowner, whichever occurs later, adjusted upward based on a CPI Factor as defined in this Agreement. However, if Maricopa County requires a water and/or wastewater plant to be substantially complete prior to the issuance of a final Plat Approval requested by Landowner, and only if Landowner has issued a SWN, the unpaid portion of the Landowner Payment for the EDUs in the plat submitted by Landowner for approval must be paid no later than six months after final Plat Approval. For ten years following execution of this Agreement, the CPI Factor is defined as the Consumer Price Index – United States City Average – for All Urban Consumers – All Items published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), with the Index for the month the wastewater CC&N application is approved for Landowner's Land being treated as the base Index, plus two percent (2%). After ten years following execution of this Agreement, the CPI Factor is defined as the Consumer Price Index – United States City Average – for All Urban Consumers – All Items published by the United States Department of Labor, Bureau of Labor Statistics ("Index"), with

the Index for the month the wastewater CC&N application is approved for Landowner's Land being treated as the base Index. The Parties, however, further agree to renegotiate this CPI Factor in good faith in the event that it results in a Landowner Payment in excess of related financing requirements. If the Index is discontinued or revised during the term of this Agreement, such other government index or computation with which it is replaced shall be utilized, and modified as necessary, to obtain substantially the same result as would be obtained if the Index had not been so discontinued or revised. For example, if the CC&N for wastewater is approved in December 2007, and a portion of the Landowner Payment, \$500 per EDU, is due in April 2008, and the most current available Index is 187.3 and the Index for December 2007 was 182.5, the Landowner Payment per EDU would be calculated as follows: $\$500 \times 187.3/182.5 \times 1.02 = \523.41 per EDU. The CPI Factor as limited above is only applicable to that particular unpaid portion of the \$5,500 per EDU base fee. The number of EDUs within the development shall be calculated as follows: (i) each single family residential EDU included in the final Plat Approval shall constitute one (1) EDU and (ii) each net acre of commercial or industrial property included in the final Plat Approval shall constitute four point eight (4.8) EDUs. Following the last final Plat Approval for the Land as determined by Landowner, Landowner and Coordinator shall reconcile the amount paid by Landowner pursuant to the preceding sentence with the actual portion of the Landowner Payment paid to date and Landowner shall pay to Coordinator or Coordinator shall pay to Landowner, as the case may be, the amount necessary to reconcile such Landowner Payment. All of the portion of the Landowner Payments for water service under this Agreement are contingent on Coordinator's acquisition of WMC and WUGT. In the event that Coordinator is unable to acquire WMC and WUGT, the Parties agree that any payments made into an escrow account will be immediately returned to Landowner, including accrued interest. Further, the Parties understand and agree that a complaint has been filed against Coordinator with the ACC under Docket Nos. W-01445A-06-0200, SW-20445A-06-0200, W-20446A-06-0200, W-03567A-06-2000 and SW-03575A-06-0200 alleging that certain Infrastructure, Coordination and Finance Agreements executed by Coordinator are invalid by Arizona law. In the event that the ACC determines that Coordinator's Infrastructure, Coordination and Finance Agreements are invalid or against the law, the Parties hereby agree to amend this Agreement to conform to any such decision issued by the ACC and in doing so shall make best efforts to maintain the substance (including all benefits and

obligations) of this Agreement in any amended or restated agreement. To be effective, an amendment or restated agreement shall require the written consent of the Parties. In the event that such decision by the ACC materially alters the substance of the transaction between Landowner and Coordinator, and precludes Coordinator from fulfilling its obligations or materially increases the costs to Landowner under this Agreement, the Parties agree that this Agreement may be voided and Coordinator shall refund any and all payments made under this Agreement to Landowner that are in excess of costs incurred for services or construction to date as previously approved by Landowner which such costs shall not be more than 15% of the Landowner Payments made to date if such ACC decision occurs prior to issuance of the SWN by Landowner. Such costs reasonably incurred for services or construction to date will be made available to Landowner for review. To the extent this Agreement is voided or amended as set forth above, Coordinator shall upon request by Landowner record any and all release documents related to this Agreement and any lien related to this Agreement with the County Recorder in a form approved by Landowner and Coordinator shall waive any and all other claims against the Land or Landowner under this Agreement in writing, except as otherwise allowed in an amended or restated agreement. To the extent this Agreement is voided, Coordinator shall within 90 days deed and reconvey the WTP, WRF, and all well sites received from Landowner, along with any and all land previously deeded to Coordinator from Landowner, to Landowner free and clear of any and all encumbrances, liens and restrictions, and the Coordinator shall return or assign all water rights or extinguishment credits provided to Coordinator by Landowner pursuant to this Agreement. To the extent this Agreement is voided, Coordinator shall return to Landowner within 90 days all plans, documents and other materials provided to Coordinator, WUGT or HUC by Landowner or created to design water or wastewater facilities to serve the Land.

4.1 The following describes the timing of payments for residential EDUs of \$5,500 per EDU plus the CPI Factor, if applicable. Until a final Plat Approval is received, residential EDUs are assumed to be at 3.5 EDUs per acre. Any additional amount due for the CPI Factor for each phase or portion of the Land is paid as each phase or portion receives final Plat Approval.

- Within 72 hours of the execution of this Agreement, the Landowner will deposit in escrow \$500.00 per EDU (\$4,311,000 for 8,622 EDUs). All \$500.00/EDU will be released to Coordinator contemporaneously with the close of escrow for the purchase of WMC or, if escrow has already closed, immediately upon deposit. If

within 7 days of execution of this Agreement, Coordinator and WMC have not executed a purchase agreement for Coordinator's acquisition of WMC, then Landowner's \$500 per EDU payment will be returned to Landowner;

- Within 72 hours of the execution of this Agreement, Landowner will deposit in escrow \$75.00 per EDU payment (\$646,650 for 8,622 EDUs) for the May 8, 2006 filing of the MAG 208 plan amendment. All \$75.00/EDU will be released to Coordinator contemporaneously with the close of escrow for the purchase of WMC or, if escrow has already closed, immediately upon deposit. Landowner will remit to Coordinator \$25.00 per EDU (\$215,550 for 8,622 EDUs) payment within 90 days of the execution of this Agreement, or contemporaneously with the closing of the WMC acquisition transaction, whichever is later. If within 7 days of execution of this Agreement, Coordinator and WMC have not executed a purchase agreement for Coordinator's acquisition of WMC, then Landowner's \$75 per EDU payment will be returned to Landowner
- Upon the filing of the application for a wastewater CC&N by HUC, or upon filing of the application for an extension of WUGT's CC&N by WUGT, or within 90 days of execution of this Agreement, whichever is later, Landowner will remit to Coordinator an additional \$100.00 per EDU (\$862,200 for 8,622 EDUs). The CC&N applications will be prepared during the diligence period of the WMC acquisition and filed with the ACC within thirty (30) days of the closing of that transaction;
- Contemporaneously with the closing of the WMC transaction this Agreement shall be recorded in the records of the Maricopa County Recorder, and will reference any portion of the Land over which Landowner has exercised a purchase option and is the record title holder;
- Upon the ACC's final approval of issuance of an ACC decision granting and/or extending the CC&N of HUC to include the Land, and upon issuance of a final ACC decision granting an extension of WUGT's CC&N to include the Land, but no earlier than January 1, 2007, \$150.00 per EDU (\$1,293,300 for 8,622 EDUs) will become due and payable by the Landowner to Coordinator;
- Upon the successful approval of the MAG 208 plan amendment that includes the Land, but no earlier than January 1, 2007 \$150.00 per EDU (\$1,293,300 for 8,622 EDUs) will be due and payable by the Landowner to Coordinator;
- Upon Landowner's issuance of the "Start Work Notice" ("SWN"), a description of which is set forth at Exhibit C attached hereto, the first of which shall require the commencement of construction of facilities for 2,000 EDUs, \$1,000,000 will be due and payable by the Landowner to Coordinator. The SWN shall be issued at Landowner's sole discretion. Landowner acknowledges that Coordinator, through WUGT and HUC, shall continue to financially guarantee that WUGT and HUC have sufficient financial resources to achieve substantial completion of

the WTP and WRF, including any and all water, reclaimed water, and wastewater treatment plant, delivery facilities and lines necessary for water, reclaimed water and wastewater service to the Land within 18 months of the issuance of the SWN. Coordinator shall be required to accept Landowner's SWN any time after any and all necessary permits have been issued and approved for the water, reclaimed water and wastewater facilities. Landowner represents and warrants that it will make reasonable efforts after the issuance of Landowner's SWN to pursue and obtain a final Plat Approval for a portion of the Land as determined by Landowner in its sole discretion within 6 months of the substantial completion of both the WTP and WRF, or Landowner will sell a portion of the Land to a buyer who will do so. Coordinator plans to pursue obtaining permits and approvals necessary to bore under Interstate 10, or otherwise locate a pipeline below an available overpass, as this would alleviate the need to build a WRF north of Interstate 10 for a number of years. In the event the Coordinator is successful in receiving these permits and approvals, the Landowners of developments contemplated as Copperleaf, Silver Water Ranch and Silver Spring Ranch may share the cost of the initial 2,000 EDU SWN fee based on the pro rata share of the EDUs to be initially constructed within each development. If Landowner does not participate in the SWN filed by another landowner or developer within WUGT's or HUC's CC&N area, then Landowner's first SWN payment is not due until Landowner or its successors request a SWN for the Off-Site Facilities necessary to serve the Land.

Depending on the amount already paid by Landowner, the balance of the Landowner Payment (the \$5,500.00 per EDU including CPI Index, if applicable) will be due and payable at the time of final Plat Approval for the number of EDUs within the plat or sale of the Land or portion of the Land by Landowner to the ultimate builder/developer as reflected in a change in record title ownership of the Land, whichever occurs later. Coordinator understands that Landowner intends to sell the Land to other parties who will be the ultimate builders/developers of the Land. Coordinator understands that the balance of the Landowner Payment shall not be due until Landowner sells the Land to another party as reflected in the change in record title ownership or upon final Plat Approval, whichever occurs later. As stated in Section 4 in this Agreement, if Maricopa County requires a water and/or wastewater plant to be substantially complete prior to a final Plat Approval requested by Landowner, and only if Landowner has issued a SWN, the unpaid portion of the Landowner Payment for the EDUs within the plat submitted by Landowner for approval must be paid no later than six months after final Plat Approval. With the amounts due for the last final plat within the Land, Coordinator will true up any discrepancy with respect to the actual number of EDUs at final Plat Approval against EDUs estimated and sums paid pursuant to this Agreement. Either the Coordinator will pay the Landowner or the Landowner will pay the Coordinator that difference contemporaneous with the final payment as triggered by the final platted parcel(s) of the Land.

Pursuant to Section 4.3, Coordinator shall arrange for interest-earning escrow accounts

for those payments in this subsection that are to be placed in escrow, with the interest paid to Landowner if the escrow is to be returned to Landowner. Escrow interest will otherwise be credited to reduce the outstanding balance of the Landowner Payment due to Coordinator. An example of how the Landowner Payment would be calculated for land included in the CC&N with 2,000 residential EDU's developed in two phases of 1,000 EDU's each is:

- \$500 times 2,000 EDU's or \$1,000,000 is due in escrow within 72 hours of signing of this Agreement;
- \$75 times 2,000 EDU's or \$150,000 is due to escrow within 72 hours of the signing of this Agreement for the May 8, 2006 filing of the MAG 208 application. \$25 times 2,000 EDU's or \$50,000 is due to Coordinator within 90 days from execution of this Agreement or contemporaneously with the closing of the WMC acquisition transaction, whichever is later;
- \$100 times 2,000 EDU's or \$200,000 is due to Coordinator for the filing of both the application for a wastewater CC&N and the application, if necessary, for expansion of the water CC&N, or within 90 days of the execution of this Agreement, whichever is later;
- \$150 times 2,000 EDU's or \$300,000 is due to Coordinator upon issuance of a final decision by the ACC approving the CC&Ns for both WUGT and HUC, but no earlier than January 1, 2007;
- \$150 times 2,000 EDU's or \$300,000 is due to Coordinator upon EPA's approval of the MAG 208 plan amendment, but no earlier than January 1, 2007;

\$500 times 2,000 EDU's or \$1,000,000 is due to Coordinator from Landowner, or Landowner and other participating landowners as described above in subsection 4.1, upon issuance of Landowner's SWN;

- \$4,000 plus the CPI Factor times 1,000 final platted EDU's, or \$4,000,000 plus the CPI factor, is due to Coordinator at final Plat Approval for the first phase and/or change in record title ownership, whichever occurs later. If, however, Maricopa County requires a water and/or wastewater plant to be substantially complete prior to a final Plat Approval requested by Landowner, and only if Landowner has issued a SWN, the payment obligation of \$4,000,000 plus CPI Factor must be paid no later than six months after final Plat Approval; and
- \$4,000 plus the CPI Factor times 1,000 final platted EDU's, or \$4,000,000 plus the CPI factor, is due to Coordinator at the final Plat Approval for the

second phase and/or change in record title ownership, whichever occurs later. If, however, Maricopa County requires a water and/or wastewater plant to be substantially complete prior to a final Plat Approval requested by Landowner, and only if Landowner has issued a SWN, the payment obligation of \$4,000,000 plus CPI Factor must be paid no later than six months after final Plat Approval.

4.2 For commercial and industrial property, the \$5,500 per EDU plus the CPI Factor, if any, at 4.8 EDU's per acre is due to Coordinator when the County approves the "Commercial or Industrial Site Plan" and issues a building permit, which the Parties expect to occur after residential final Plat Approvals surrounding the site, and upon satisfaction of all contingencies and conditions set forth in this Agreement.

- An example of how this would calculate for a commercial or industrial section of land with 30 net acres in size would be as follows:

- \$5,500 plus the CPI Factor x 30 acres 4.8 EDU/acre or \$792,000 is due and payable when the County approves the Commercial or Industrial Site Plan and issues a building permit.

The parties acknowledge that additional fees as approved by the Parties or required and/or authorized by a governmental agency except as otherwise prohibited herein will be billed to the commercial and industrial end user based upon the ultimate use of the land and fixtures thereon. Fees payable to WUGT and HUC for on-site facilities, pursuant to the Extension Agreements or a WUGT or HUC tariff, and reimbursement for certain costs and expenses incurred by Landowner with respect to the obtaining of on-site Utility Services from the Delivery Points to the end user are not the subject of this Agreement and shall be paid and reimbursed to the appropriate parties in accordance with the Extension Agreements.

4.3 Escrow Account. Within three days of execution of this Agreement, Coordinator shall open an interest-earning escrow account with First American Title Insurance Company for the benefit of Landowner and Coordinator for purposes of accepting and disbursing any and all payments and refunds under the terms and conditions set forth in this Agreement. The escrow agent shall be Carol Peterson ("Escrow Agent"). This Agreement shall constitute an escrow agreement and instructions to Escrow Agent and all funds deposited with Escrow Agent shall be disbursed and dealt with by Escrow Agent in strict accordance with the following provisions and the terms of

this Agreement. Escrow Agent shall be authorized to make disbursements to Coordinator and/or Landowner as provided for in this Agreement within five (5) days of written request by such Party to Escrow Agent with a copy hand-delivered to the other Party. In making payment requests pursuant to Section 10.5 of this Agreement, Coordinator shall submit applications for payment relating to reasonable and necessary construction costs for water, reclaimed water and wastewater facilities constructed pursuant to this Agreement, including (i) an itemization of the facilities installed and the amount incurred for each item of the work (with appropriate invoices and backup documentation), and (ii) necessary statutory lien waivers relating to the work. Escrow Agent shall disburse funds pursuant to a payment request by either Party as set forth in this paragraph and under the terms of this Agreement unless and except to the extent a timely objection is made by the other Party. Any Party may object to disbursement of escrow funds if the Party believes in good faith that such payment is not due and if such Party delivers to Escrow Agent and all other Parties written notice of such objection within five (5) business days of the payment request, including a specific explanation of the objection and an explanation of why the Party believes the amount in question should not be disbursed under this Agreement. Any amount subject to an objection shall not be disbursed until the objection is resolved. Upon Escrow Agent's receipt of an objection, the Parties shall meet within three (3) days and make good faith efforts to resolve the objection. If the objection is not resolved completely with such three day period, then the objecting party may submit the matter to arbitration within an additional seven days and the matter shall be resolved in accordance with the arbitration provisions set forth in Section 7 of this Agreement. If the objecting party fails to submit the matter to arbitration within that time period, then the full payment request shall be deemed approved. If an objection is determined by the arbitrator to be invalid, then the objecting party shall be responsible for any additional costs (including the reasonable attorneys fees of the prevailing party) resulting from the delay in disbursement of the escrow funds.

5. Use and Sizing of Water and Reclaimed Water Distribution Mains and Sanitary Sewer Collection Mains. Coordinator, from time to time may, at its own discretion and expense, decide to oversize certain water distribution mains and wastewater collection mains to service properties or planned developments not currently contemplated within the scope of this Land.

Any and all cost of over sizing these lines will be at the sole cost of Coordinator, including any and all engineering or other costs incurred by Landowner as a result of such over sizing. Landowner understands and agrees that it must use and accept reclaimed water distribution mains to the Delivery Points agreed to by Landowner and identified in Exhibit H. Each section of land will require a water storage facility or a retention lake structure for irrigation of no less than one (1) acre developed in accordance with standards established by Coordinator in locations approved by Landowner and at Landowner's cost. Landowner may reasonably consolidate or divide the required water storage facility capacity and irrigation requirement in this Section in any location within the Land consistent with Landowner's development plans. Coordinator's responsibility is to oversee the construction of reclaimed water distribution mains is limited to only one point of storage as contemplated on Exhibit H.

6. Reclaimed Water Availability. Coordinator and its subsidiaries agree to make reclaimed water available for purchase and use within the Land approximately equal to the amount of wastewater generated within such Land. Any excess reclaimed water not purchased by Landowner or its successors within any month belongs to the utility provider for reuse, recharge and/or discharge.

7. Binding Arbitration. Any controversy, dispute or claim (a "Claim") arising out of or relating in any way to this Agreement or any other agreement or instrument delivered in connection with this Agreement, or the transactions arising hereunder or there under that cannot be resolved by negotiation (other than actions for specific performance or any other equitable remedy) shall be settled exclusively by a binding arbitration ("Arbitration"), conducted by a single arbitrator (the "Arbitrator") chosen by the Parties as described below. The arbitration shall be expedited and shall be conducted in accordance with the following rules:

7.1 Initiation of Arbitration. The Arbitration shall be initiated by either party delivering to the other an Arbitration Demand. Such demand shall be sent by hand-delivery or certified mail, return receipt requested. The Arbitration Demand must contain a list of the Claims upon which arbitration is requested, as well as a statement of the claimant's basis for bringing the Claims.

7.2 Governing Procedures. The arbitration shall be conducted in accordance with the A.R.S. § 12-1501, *et seq.* and the Commercial Arbitration Rules of the American Arbitration Association.

7.3 Appointment of Arbitrator. The Parties shall appoint a single Arbitrator by mutual agreement. If the Parties have not agreed within ten (10) days of the date of the Arbitration Demand on the selection of an Arbitrator willing to serve, then, unless otherwise agreed, each party may appoint an Arbitrator, and the two chosen Arbitrators will select a third Arbitrator. The Parties shall split the costs of all chosen Arbitrators.

7.4 Qualifications of Arbitrator. The Arbitrator shall be neutral and impartial, and knowledgeable in the areas of public utility service and/or real estate development.

7.5 Compensation. The Parties shall split equally any and all costs of arbitration, including the Arbitrator's hourly rate.

7.6 Preliminary Hearing. Within fifteen (15) days after the Arbitrator(s) has been appointed, a preliminary hearing among the Arbitrator(s) and counsel for the Parties shall be held for the purpose of developing a plan for the management of the arbitration, which shall then be memorialized in an appropriate order. The matters which may be addressed include the following: (i) definition of issues; (ii) scope, timing and types of discovery, if any; (iii) schedule and place(s) of hearings; (iv) setting of other timetables; (v) submission of motions and briefs; (vi) whether and to what extent expert testimony will be required, whether the Arbitrator should engage one or more neutral experts, and whether, if this is done, engagement of experts by the Parties can be obviated or minimized; (vii) whether and to what extent the direct testimony of witnesses will be received by affidavit or written witness statement; and (viii) any other matters which may promote the efficient, expeditious, and cost-effective conduct of the proceeding. Any procedures outlined in the preliminary hearing shall require the arbitration hearing to be conducted within 60 days of the preliminary hearing date.

7.7 Final Award. The Arbitrator shall promptly (but, in no event later than twenty (20) days following the conclusion of the proceedings or such longer period as the Parties mutually agree) determine the claims of the Parties and render a final award in writing. The Arbitrator may award the prevailing party in the proceeding all or a part of such party's reasonable attorneys' fees and expert witness fees, taking into account the final result of arbitration and other relevant factors under Arizona law. The Arbitrator shall not award any punitive damages. The Arbitrator shall assess the costs of the proceedings (including, without limitation, the fees of the Arbitrator) against the non-

prevailing party. The Arbitrator's final award shall be binding and enforceable against the Parties.

8. Insurance. Coordinator shall include Landowner as an "additional insured" in all forms of liability insurance obtained or maintained by Coordinator and its subsidiaries, and their contractors, applicable to the construction, installation and maintenance of water, wastewater and reclaimed water infrastructure financed by this Agreement or placed within the Land, WTP site, WRF site or well sites included in this Agreement. Coordinator shall defend, indemnify and hold Landowner and any and all of Landowner's affiliates, subsidiaries, successors, and/or related entities, harmless for, from and against any and all liabilities, claims, damages, losses, costs, expenses (including, but not limited to, attorneys' fees), injuries, causes of action, or judgments for bodily injury or death or damage to property occasioned, contributed to or in any way caused, in whole or in part, by Coordinator, HUC and/or WUGT, and their agents, employees, consultants, engineers, or contractors and which arise out of or are related to the performance of this Agreement by Coordinator or its authorized agents, employees, consultants, engineers and/or contractors except for those arising from the negligence or willful misconduct of the Landowner, its agents, employees, consultants, engineers, and/or contractors. Coordinator's duty to indemnify Landowner shall extend to all construction activities undertaken by Coordinator, WUGT and HUC, and their contractors, subcontractors, agents, and employees in the performance of or related to this Agreement. This indemnity clause shall apply solely to the extent that such claim, demand, liability and/or expense is attributable to the negligent actions or inaction of Coordinator, WUGT and HUC, and/or their contractors, subcontractors, consultants, engineers, agents and/or employees.

Coordinator shall require HUC's and/or WUGT's contractors and/or subcontractors to carry and maintain, at Coordinator's sole cost and expense, during the duration of construction of the water, reclaimed water and wastewater facilities plus an additional two years, no less than the following coverage and limits of insurance:

(i) Worker's Compensation and Employer's Liability: (a) Worker's Compensation coverage as required by law; and (b) Employer's Liability with limits of at least \$1,000,000 per occurrence.

(ii) Business Automobile Liability for Bodily Injury and Property Damage: \$1,000,000 per occurrence, including coverage for all owned, non-owned and hired vehicles.

(iii) Commercial General Liability for Bodily Injury and Property Damage: \$3,000,000 general aggregate, \$1,000,000 per occurrence. Unless otherwise agreed by the parties, the general liability policy shall include a broad form comprehensive liability endorsement that includes coverage for liability assumed under any oral or written contract relating to this Agreement, and also including: (a) broad form property damage liability coverage; and (b) premises-operations coverage; and (c) independent contractor coverage (for liability may incur as a result of the operations, acts or omissions of Coordinator's contractors, subcontractors, suppliers, and/or their agents or employees). The commercial general liability insurance required pursuant to this Agreement shall name Landowner and/or any other Landowner entities designated by Landowner as an additional insured; (b) apply severally to the parties; (c) cover Landowner and affiliated entities as insureds in the same manner as if separate policies have been issued to each of them; (d) include a waiver of any and all subrogation rights against Landowner and affiliated entities; and (e) be primary insurance with any other valid and collectible insurance available to the aforesaid additional insureds constituting excess insurance.

(iv) Professional Errors and Omissions Liability, of not less than \$1,000,000 per occurrence from Coordinator's, HUC's and WUGT's Project engineer.

(v) Other Insurance. An umbrella or other policy as determined appropriate by Coordinator in its reasonable discretion. The above coverage amounts may be achieved through the use of one or more umbrella policies. At the time of this Agreement, Coordinator holds an umbrella liability insurance policy of \$10,000,000. Coordinator shall maintain such policy or an equivalent policy during the term of this Agreement.

The policies required pursuant to this Agreement shall not be revised, canceled or reduced until at least thirty (30) days' written notice of such revision, cancellation or reduction shall have been given to Landowner, and until a replacement policy is in effect that provides the coverages required in this Agreement. The policies required pursuant to this Agreement shall be issued by an insurance company that is authorized to transact business in the State of Arizona and that has a current rating of A-VII or better in Best's Insurance Report. Coordinator will provide Landowner with confirmation of the above insurance from Coordinator and any and all engineers, consultants, contractors and subcontractors, prior to commencement of construction, including copies of insurance certificates, riders and endorsements.

9. No Partnership. Coordinator is acting as an independent contractor pursuant to

this Agreement. Nothing in this Agreement shall be interpreted or construed (i) to create an association, agency relationship, joint venture, or partnership among the Parties or to impose any partnership obligation or liability upon either party, or (ii) to prohibit or limit the ability of Coordinator to enter into similar or identical agreements with other landowners, even if the activities of such landowners may be deemed to be in competition with the activities of Landowner.

10. Default.

10.1 Landowner shall be deemed to be in material default under this Agreement upon the expiration of thirty (30) days, as to monetary defaults, and sixty (60) days, as to non-monetary defaults, following receipt of written notice from Coordinator specifying the particulars in which a default is claimed unless, prior to expiration of the applicable grace period (thirty (30) days or sixty (60) days, as the case may be), such default has been cured.

10.2 Coordinator shall be deemed to be in material default under this Agreement upon the expiration of thirty (30) days written notice of the failure to fulfill its obligations hereunder to timely provide the services and to timely commence and complete construction of facilities described in this Agreement, including the provision of Utility Services by WUGT and HUC, and the failure to fulfill its financial guarantees that WUGT will have sufficient financial resources for the provision of water utility service to the Land and that HUC will have sufficient financial resources for the provision of reclaimed water service and wastewater utility service to the Land and any other material breach of this Agreement by Coordinator.

10.3 In the event either party to this Agreement is in material default under this Agreement, the provisions hereof may be enforced by any remedy permitted by law for specific performance, injunctive, or other equitable remedies in addition to any other remedy available in this Agreement, or at law or in equity. In this regard, in the event Landowner fails to pay any amount as and when due, which failure is not cured within thirty (30) days after notice thereof in accordance with the provisions of subsection 10.1 above, such delinquent amounts shall bear interest at the rate of fifteen percent (15%) per annum from the due date until paid. Similarly, Coordinator shall pay interest at the rate of fifteen percent (15%) per annum from the date of accrual on any damages caused

Landowner or its successors by Coordinator or its subsidiaries' material breach of this Agreement.

10.4 In addition, to the extent such sums remain unpaid following such thirty (30) day period, Coordinator may then and only then claim a contractual lien for such sum, together with interest thereon as set forth above, which may be foreclosed against only that portion of the Land owned by the defaulting landowner and that land which is the subject of such default in the manner prescribed by law for the foreclosure of realty mortgages or deeds of trust. It is the Parties' intention that Landowner's default as defined in this section 10 provide the only means by which Coordinator may claim any type of lien on the Land, and the Parties agree this Agreement or services provided pursuant to it are not liens or secured interests, but this Agreement gives Coordinator the right to assert a lien right (as set forth herein), which lien right shall be deemed perfected only upon Landowner's material default and recording of a notice of claim of lien, which shall be retroactive as of the date of the recording of this Agreement. Landowner consents to the recording of this Agreement with the county recorder's office upon Coordinator's acquisition of WMC and WUGT as set forth in Section 10.7 below. Coordinator agrees that as and when portions of the Land are sold, the obligations hereunder shall be bifurcated based on the land area sold and each new landowner shall be solely (and not jointly) responsible for all sums owed with respect to the land areas that it owns and shall not have any obligation or liability for the failure of any other owner of any portion of the Land and that the current Landowner shall be fully released from any and all such obligations. In the event Coordinator defaults (following notice and an opportunity to cure as set forth herein) on any of its obligations under this Agreement, including its financial guarantee that WUGT or HUC will have sufficient financial resources to provide water, reclaimed water and wastewater service to the Land as described herein, then Coordinator shall record a release of this Agreement and waive any and all other claims against the Land or Landowner as set forth below. Coordinator shall execute and record such release within three (3) days of a written request from Landowner in a form approved by Landowner.

10.5 Coordinator has provided to the Landowner a letter from the Coordinator's financial institution confirming that the Coordinator through its investor and bank

relationships has access to sufficient funds necessary to construct the water, reclaimed water and wastewater infrastructure, including the Off-Site Facilities, in order to provide the Utility Services. Upon issuance of the SWN by Landowner, Coordinator shall place funds in an escrow account as set forth in section 4.3 equal to the one-half of the total amount of the construction costs for all water, reclaimed water and wastewater facilities necessary to provide water, reclaimed water and wastewater service to the Land. As set forth in section 4.3, Coordinator shall be entitled to withdraw funds from such escrow account solely for purposes of paying for reasonable and necessary construction costs.

10.6 Subject to the limitations in this Section 10, amounts owed but not paid when due by Landowner under the terms of this Agreement, perfected as described in subsection 10.7 below shall be a lien against the Land for which such payment is due that the Parties agree shall then relate back to the date upon which an executed copy of this Agreement is recorded in the Maricopa County Recorders Office along with a document entitled Preliminary Notice of Contractual Lien which sets forth:

- i. The name of the lien claimant;
- ii. the name of the party or then owner of the property or interest against which the lien is claimed;
- iii. and a description of the property against which the lien is claimed.

Coordinator shall not record a Preliminary Notice of Contractual lien or other similar document until at least thirty (30) days after notice of Landowner's material default as provided in Section 10.1 above.

10.7 The lien authorized in this Section 10 shall take effect only upon recordation of a claim of contractual lien as limited herein above and as described below in the office of the Maricopa County Recorder by Coordinator, and shall relate back to the date when the Preliminary Notice of Contractual Lien and executed copy of the Agreement were recorded, as set forth in subsection 10.6 above. The lien amount shall be only that amount not paid by Landowner in accordance with the terms of this Agreement at the time the lien is recorded, and shall not include any future Landowner Payment amounts. Such lien shall apply only to those portions of the Land for which any such payment is due. Coordinator acknowledges and agrees to work with the Landowner

or its successors and their lenders to facilitate financing. Coordinator shall give written notice of any such lien claim. The Notice and Claim of Contractual Lien shall include the following:

- (i) The name of the lien claimant.
- (ii) The name of the party or then owner of the property or interest against which the lien is claimed.
- (iii) A description of the property against which the lien is claimed.
- (iv) A description of the default or breach that gives rise to the claim of lien and a statement itemizing the amount of the claim.
- (v) A statement that the lien is claimed pursuant to the provisions of this Agreement and reciting the date of recordation and recorder's document number of this Agreement.
- (vi) The notice shall be acknowledged, and after recordation, a copy shall be given to the person(s) against whose property the lien is claimed in any manner prescribed under Section 21 of this Agreement. The lien may be enforced in any manner allowed by law, including without limitation, by an action to foreclose a mortgage or mechanic's lien under the applicable provisions of the laws of the State of Arizona.

10.8 If the Landowner (i) places funds in the amount due Coordinator into an escrow account or posts either (ii) a bond executed by a fiscally sound corporate surety licensed to do business in the State of Arizona, or (iii) an irrevocable letter of credit from a reputable financial institution licensed to do business in the State of Arizona, which bond or letter of credit (a) names Coordinator as the principal or payee and is in form satisfactory to Coordinator, (b) is in the amount of the claim secured by the lien, and (c) unconditionally provides that it may be drawn on by Coordinator in the event of a final judgment entered by the arbitrator, then Coordinator shall record a release of the lien or take such action as may be reasonably required by a title insurance company requested to furnish a policy of title insurance on such property to delete the lien as an exception thereto. Landowner shall post the funds, bond or letter of credit by delivery of same to Coordinator, escrow or arbitrator as determined by Landowner. All costs and expenses to obtain the bond or letter of credit, and all reasonable costs and expenses incurred by Coordinator related thereto, shall be borne by Landowner, unless Landowner is the

prevailing party in any litigation challenging the claimed lien and, in that event, all such costs shall be borne by Coordinator.

10.9 Upon Coordinator's material default of its obligations under this Agreement, Coordinator shall (i) record a "full satisfaction and release" of this Agreement and any outstanding liens with the Maricopa County Recorder, (ii) shall confirm in writing the satisfaction and release of the Agreement to all other Parties at Landowner's request, (iii) shall within 90 days of such material default return to Landowner all Landowner Payments made to date by Landowner in excess of costs incurred to date by Coordinator as previously approved by Landowner with such approval not being unreasonably withheld, and (iv) shall within 90 days return to Landowner all plans, documents, etc. provided to Coordinator, WUGT or HUC by Landowner or created to design water or wastewater facilities specifically to serve the Land. In the event Coordinator materially defaults on its obligations under this Agreement, Coordinator shall refund all Landowner Payments in excess of costs incurred to date by Coordinator under this Agreement as previously approved by Landowner with such approval not being unreasonably withheld. In that event, any and all amounts remaining in the escrow account provided under section 10.5 shall be released immediately to Landowner as partial or full payment of such refund obligation. The refund obligation shall be limited to the total amount of Landowner Payments made under this Agreement plus accrued interest with the remaining balance of the escrow including accrued interest to Coordinator. In the event Coordinator materially defaults on its obligations under this Agreement, Coordinator shall assign to Landowner all water rights, interests and extinguishment credits resulting from the Land or obtained from the Landowner. In the event of a default by Coordinator, Landowner reserves the right to pursue any and all legal rights, damages, and remedies against Coordinator for such default. All land deeded by Landowner to Coordinator shall be reconveyed by Coordinator to Landowner as provided elsewhere in this Agreement.

11. Non Issuance of Water and Wastewater CC&N Expansion. In the event that Coordinator or HUC through best efforts are unable to obtain all of the necessary approvals from the ACC, MCESD and ADEQ within twenty-four (24) months of the execution of this Agreement with respect to the water, reclaimed water and wastewater services provided for

herein, then the Landowner or Coordinator at either party's option may terminate the portions of this Agreement as it relates to reclaimed water and wastewater services without recourse to either party. In the event of termination of the wastewater portion of this Agreement and excluding the CPI Factor, Coordinator shall remove or cause to be removed any registration and/or recordation of this Agreement with Maricopa County as reasonably requested by Landowner and waive any lien rights it may have under this Agreement for \$3,000 per EDU of the \$5,500 per EDU contemplated in this Agreement for reclaimed water and wastewater services. The Parties agree to execute necessary amendments to this Agreement in the event of termination of the wastewater portion of this Agreement. In that event, Landowner's payment obligations under section 4.1 above shall be reduced in proportion to the reduction of the \$5,500 per EDU payment under section 4.1 above to \$2,500 per EDU for water service, which includes Landowner's \$500 per EDU payment noted below. For example, upon issuance of the SWN for 2,000 EDUs, Landowner's payment obligations will be reduced to \$225 times 2,000 EDUs or \$450,000 upon issuance of the SWN. Further, in the event that the ACC, ADEQ and/or Maricopa County issues any ruling or decision denying HUC any necessary regulatory approvals to provide wastewater service to the Land, and provided that such decision or ruling is not as a result of the actions, conduct, or inactions of Coordinator and its related entities, Coordinator shall be entitled to retain \$500/EDU of the payments made under section 4.1 as of such date for water service on the condition that WUGT has obtained a final order from the ACC approving the CC&N extension to include all of the Land, and Coordinator shall refund any and all remaining amounts of Landowner Payments made to date under 4.1 to Landowner within ten days of such final decision or ruling and transfer and assign any and all plans, studies, etc. to Landowner. If the Landowner Payment has been adjusted pursuant to the CPI Factor described in section 4 above, then the adjustment shall be applied pro-rata to the water and wastewater services allocations in this Section.

In the event that Coordinator or WUGT are unable to obtain ACC approval for extension of WUGT's CC&N to include all of the Land or other necessary governmental approvals within 24 months for provision of water service to the Land, then Coordinator shall remove or cause to be removed any registration and/or recordation of this Agreement with Maricopa County affecting those portions of the Land as reasonably requested by Landowner and waive any lien rights it may have under this Agreement for water services. The Parties agree to execute

necessary amendments to this Agreement in the event of non-issuance of the CC&N extension for water service to the Land. In the event that the ACC, ADEQ and/or Maricopa County issues any ruling or decision denying WUGT any necessary regulatory approvals to provide water service to any portions of the Land, and provided that such decision or ruling is not as a result of the actions, conduct, or inactions of Coordinator and its related entities, Coordinator shall be entitled to retain a proportional share of \$500/EDU of the payments made under section 4.1 equal to that proportion of the Land included within WUGT's CC&N and that portion of the Land for which WUGT is authorized to provide water service, and Coordinator shall refund any and all remaining amounts of Landowner Payments made to date under 4.1 to Landowner within ten days of such final decision or ruling and transfer and assign any and all plans, studies, etc. to Landowner. If the Landowner Payment has been adjusted pursuant to the CPI Factor described in section 4 above, then the adjustment shall be applied pro-rata to the water and wastewater services allocations in this Section.

12. Attorneys' Fees. If any dispute arises out of the subject matter of this Agreement, the prevailing party in such dispute shall be entitled to recover from the other party its reasonable costs, expenses and attorney's fees incurred in litigating, arbitrating, or otherwise resolving such dispute. The Parties' obligations under this Section shall survive the closing under this Agreement.

13. Applicable Law; Venue; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona, notwithstanding any Arizona or other conflict-of-law provisions to the contrary. The Parties consent to jurisdiction for purposes of this Agreement in the State of Arizona, and agree that Maricopa County, Arizona, shall be proper venue for any action brought with respect to this Agreement. Acts of the parties hereto shall be excused during the period of intervening acts of God or other force majeure events not attributable to the nonperforming Party.

14. Interpretation. The language in all parts of this Agreement shall in all cases, be construed as a whole according to its fair meaning and not strictly for nor against any party. The section headings in this Agreement are for convenience only and are not to be construed as a part hereof. The Parties agree that each party has reviewed this Agreement and has had the opportunity to have counsel review the same and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of

this Agreement or any amendments or any exhibits thereto. Except where specifically provided to the contrary, when used in this Agreement, the term "including" shall mean without limitation by reason of enumeration. All pronouns and any variations thereof shall be deemed to refer to masculine, feminine or neuter, singular or plural, as the identity of the person(s) or entity(ies) may require.

15. Most Favored Nation. Coordinator agrees that for the CC&N expansion and CC&N extension contemplated to commence in the July 2006 timeframe in the area West of the Hassayampa River, that if the Coordinator enters into an Infrastructure Coordination Finance and Option Agreement or an agreement with similar terms with another landowner that lies within the CC&N area of WUGT and HUC as extended (with the exception of Belmont), the Coordinator will not provide pricing, terms, or conditions more favorable to that landowner than provided herein to the Landowner, unless Coordinator amends this Agreement with the written consent of Landowner to include such pricing, terms, or conditions so that this Agreement is at least as favorable to the Landowner as the pricing, terms, and conditions offered to the other landowner.

16. Counterparts. This Agreement shall be effective upon execution by all Parties hereto and may be executed in any number of counterparts with the same effect as if all of the Parties had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

17. Entire Agreement. This Agreement constitutes the entire integrated agreement among the Parties pertaining to the subject matter hereof, and supersedes all prior and contemporaneous agreements, representations, and undertakings of the Parties with respect to such subject matter. This Agreement may not be amended except by a written instrument executed by all Parties hereto.

18. Additional Instruments. The Parties hereto agree to execute, acknowledge, and deliver to each other such other documents and instruments as may be reasonably necessary or appropriate to evidence or to carry out the terms of this Agreement.

19. Severability. Every provision of this Agreement is intended to be severable except as otherwise provided in this Agreement. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

20. Incorporation by Reference. Every recital set forth herein above, exhibit, schedule and other appendix attached to this Agreement and referred to herein is hereby incorporated in this Agreement by reference.

21. Notices. Any notice, payment, demand or communication required or permitted to be given by any provision of this Agreement shall be in writing and shall be delivered personally to the party to whom the same is directed or sent by registered or certified mail, return receipt requested, addressed to the addresses set forth on the signature page hereto. Any such notice shall be deemed to be delivered, given and received for all purposes upon actual receipt at the addresses noted below.

Any notice sent to Coordinator shall be sent to:

Cindy Liles
Global Water Resources, LLC
21410 N. 19th Avenue, Suite 201
Phoenix, Arizona 85027

Any notice sent to Landowner shall be copied simultaneously to the following persons:

SNR Management, LLC c/o Bryan O'Reilly 619 Campbell Las Vegas, NV 89107	SNR Management, LLC c/o Frank Pankratz 1350 N. Town Center Dr. #3041 Las Vegas, NV 89144
SNR Management, LLC c/o Barry Becker 50 S. Jones Blvd., Ste. 101 Las Vegas, NV 89107	SNR Management, LLC c/o John F. O'Reilly 325 S. Maryland Parkway Las Vegas, NV 89101-5300
Michele Van Quathem Ryley Carlock & Applewhite One N. Central Ave., Ste. 1200 Phoenix, AZ 85004	

22. Binding Effect; Partial Releases. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective Parties. This Agreement constitutes a covenant running with the land, shall be binding upon the Land for the benefit of Coordinator and Landowner and their successors and assigns and any person acquiring any portion of the Land, upon acquisition thereof, shall be deemed to have assumed the obligations of Landowner arising from this Agreement with respect only to that portion of the Land acquired without the

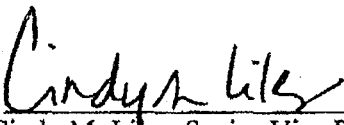
necessity for the execution of any separate instrument. If phases and/or parcels within the Land are sold individually, Coordinator will ensure that at such time as the Landowner Payment has been paid in full for that particular phase and/or parcel, Coordinator shall record such documents as are reasonably requested to reflect payment in full for that particular phase and/or parcel, without releasing the Agreement from any other portion of the Land for which the Landowner Payment has not been paid in full. It is the intent of this Agreement to record any release or waiver document as requested which relates to parcels and or plats that are paid in full.

[Signatures are on the following page.]

IN WITNESS WHEREOF, the Parties have entered into this Agreement as of the date first above written.

COORDINATOR:

Global Water Resources, LLC
a Delaware Limited Liability Company

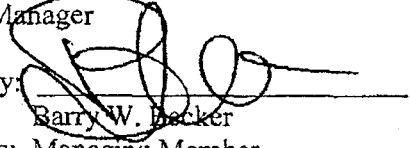
By: 
Cindy M. Liles, Senior Vice President
Global Water Resources, LLC
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

LANDOWNER:

Sierra Negra Ranch LLC, a Nevada limited liability company

By: SNR Management LLC, a Nevada limited liability company
Its: Manager

By: Becker SNR LLC, a Nevada limited liability company
Its: Manager

By: 
Barry W. Becker
Its: Managing Member

STATE OF ARIZONA)

) ss.

County of Maricopa)

On July 11, 2006, 2006 before me,
Rebecca Scott, a Notary Public in and for said state, personally
 appeared Cindy M. Liles, personally known to me (or proved to me on
 the basis of satisfactory evidence) to be the persons whose names are subscribed to the within
 instrument and acknowledged to me that they executed the same in their authorized capacities,
 and that by their signatures on the instrument, the persons, or the entity upon behalf of which the
 persons acted, executed the instrument.

WITNESS my hand and official seal.



Rebecca Scott
 Notary Public in and for said State

My Commission Expires:

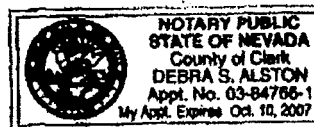
STATE OF Nevada)

) ss.

County of Clark)

On July 10, 2006, before me,
Debra S. Alston, a Notary Public in and for said state, personally
 appeared Barry W. Becko, personally known to me (or proved to me on
 the basis of satisfactory evidence) to be the persons whose names are subscribed to the within
 instrument and acknowledged to me that they executed the same in their authorized capacities,
 and that by their signatures on the instrument, the persons, or the entity upon behalf of which the
 persons acted, executed the instrument.

WITNESS my hand and official seal.



Debra S. Alston
 Notary Public in and for said State

My Commission Expires:

10/10/07

20060939440

EXHIBIT A

INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

LEGAL DESCRIPTION OF LAND

EXHIBIT "A"**PARCEL NO. 1:**

THE WEST HALF OF SECTION 21, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA; EXCEPT THE EAST 200 ACRES THEREOF.

PARCEL NO. 2:

THE NORTHWEST QUARTER OF SECTION 28, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

PARCEL NO. 3:

THE NORTHEAST QUARTER OF SECTION 29, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THAT PORTION OF THE SOUTH HALF OF THE NORTHEAST QUARTER OF SECTION 29, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, WHICH LIES WITHIN A STRIP OF LAND 308 FEET IN WIDTH, BEING 154 FEET WIDE ON EACH SIDE OF THE FOLLOWING DESCRIPTION LINE:

BEGINNING AT A POINT ON THE WEST LINE OF SAID SECTION 29, WHICH POINT BEARS SOUTH 0 DEGREES 00 MINUTES 38 SECONDS WEST, 1476.85 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 29;

THENCE SOUTH 75 DEGREES 04 MINUTES 23 SECONDS EAST, 5470.76 FEET TO A POINT ON THE EAST LINE OF SAID SECTION 29, WHICH POINT BEARS SOUTH 0 DEGREES 03 MINUTES 23 SECONDS WEST, 243.12 FEET FROM THE EAST QUARTER CORNER OF SAID SECTION 29, AS CONVEYED TO THE STATE OF ARIZONA BY AND THROUGH ITS HIGHWAY COMMISSION BY WARRANTY DEED RECORDED IN DOCKET 6586, PAGE 69.

PARCEL NO. 4:

THE WEST HALF OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER; AND

THE WEST HALF OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER; AND

THE WEST HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER OF SECTION 28, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 5:

THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER; AND

THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 28, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 6:

THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION

28, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN,
MARICOPA COUNTY, ARIZONA.

PARCEL NO. 7:

THE EAST HALF OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE NORTHEAST
QUARTER; AND

THE EAST HALF OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF THE NORTHEAST
QUARTER OF SECTION 28, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE
AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

SILVER SPRINGS RANCH

PARCEL NO. 8:

ALL OF SECTION 32, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND
MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT ALL MINERAL RESERVED UNTO THE STATE OF ARIZONA IN BOOK 334 OF DEEDS, PAGE 248
(AS TO THE SOUTHEAST QUARTER) AND IN BOOK 360 OF DEEDS, PAGE 10 (AS TO THE NORTH HALF
AND THE SOUTHWEST QUARTER)

PARCEL NO. 9:

THE SOUTHWEST QUARTER OF SECTION 33, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND
SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 10:

THE WEST HALF OF THE NORTHEAST QUARTER AND THE NORTH HALF OF THE SOUTHEAST QUARTER
OF SECTION 7, TOWNSHIP 1 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND
MERIDIAN, MARICOPA COUNTY, ARIZONA.

EXCEPT THAT PORTION OF THE FOLLOWING DESCRIBED PARCEL OF LAND LYING WITHIN A 200 FOOT
STRIP, BEING 100 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE:

BEGINNING AT A POINT NORTH 07° 7' 30" EAST, 1223.03 FEET FROM THE SOUTHEAST CORNER OF
SECTION 16, MERIDIAN, MARICOPA COUNTY, ARIZONA;

THENCE NORTH 56° 07' 30" WEST, 1783.55 FEET TO THE POINT OF CURVE OF A 0° 15' CURVE TO THE
RIGHT, HAVING A RADIUS OF 22,918.3 FEET;

THENCE ALONG THE ARC OF SAID CURVE, A DISTANCE OF 433.33 FEET TO THE POINT OF TANGENT
OF SAID CURVE;

THENCE NORTH 55° 02' 30" WEST, 9949.29 FEET TO THE POINT OF CURVE OF A 4° 00' CURVE TO THE
LEFT, HAVING A RADIUS OF 1432.69 FEET;

THENCE ALONG THE ARC OF SAID CURVE, 417.29 FEET TO THE POINT OF TANGENT OF SAID CURVE;

THENCE NORTH 71° 44' WEST, 4963.49 FEET TO THE POINT OF CURVE OF A 2° 00' CURVE TO THE
RIGHT HAVING A RADIUS OF 2864.79 FEET;

THENCE ALONG THE ARC OF SAID CURVE, 489.17 FEET TO THE POINT OF TANGENT OF SAID CURVE;

THENCE NORTH 61° 57' WEST, 211.49 FEET TO A POINT ON THE WEST LINE SECTION 7, TOWNSHIP 1

NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, SAID POINT SOUTH 0° 16" WEST, 394.03 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 7;

THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 1 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, AS CONVEYED TO MARICOPA COUNTY, A POLITICAL SUBDIVISION OF THE STATE OF ARIZONA BY QUIT CLAIM DEED RECORDED ON DOCKET 2747, PAGE 161.

PARCEL NO. 11

ALL OF SECTION 6, TOWNSHIP 1 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

PARCEL NO. 12

THE SOUTH HALF AND THE NORTHWEST QUARTER OF SECTION 31, TOWNSHIP 2 NORTH, RANGE 6 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT FROM LOTS 1 AND 2 AND THE EAST HALF OF THE NORTHWEST QUARTER THEREOF, ALL MINERALS AS RESERVED UNTO THE UNITED STATES IN THE RECORDED PATENT TO SAID LAND RECORDED IN DOCKET 2623, PAGE 394.

PARCEL NO. 13

THE NORTHEAST QUARTER OF SECTION 31, TOWNSHIP 2 NORTH, RANGE 6 WEST, OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.

20060939440

EXHIBIT B
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

SITE PLAN

Development Master Plan

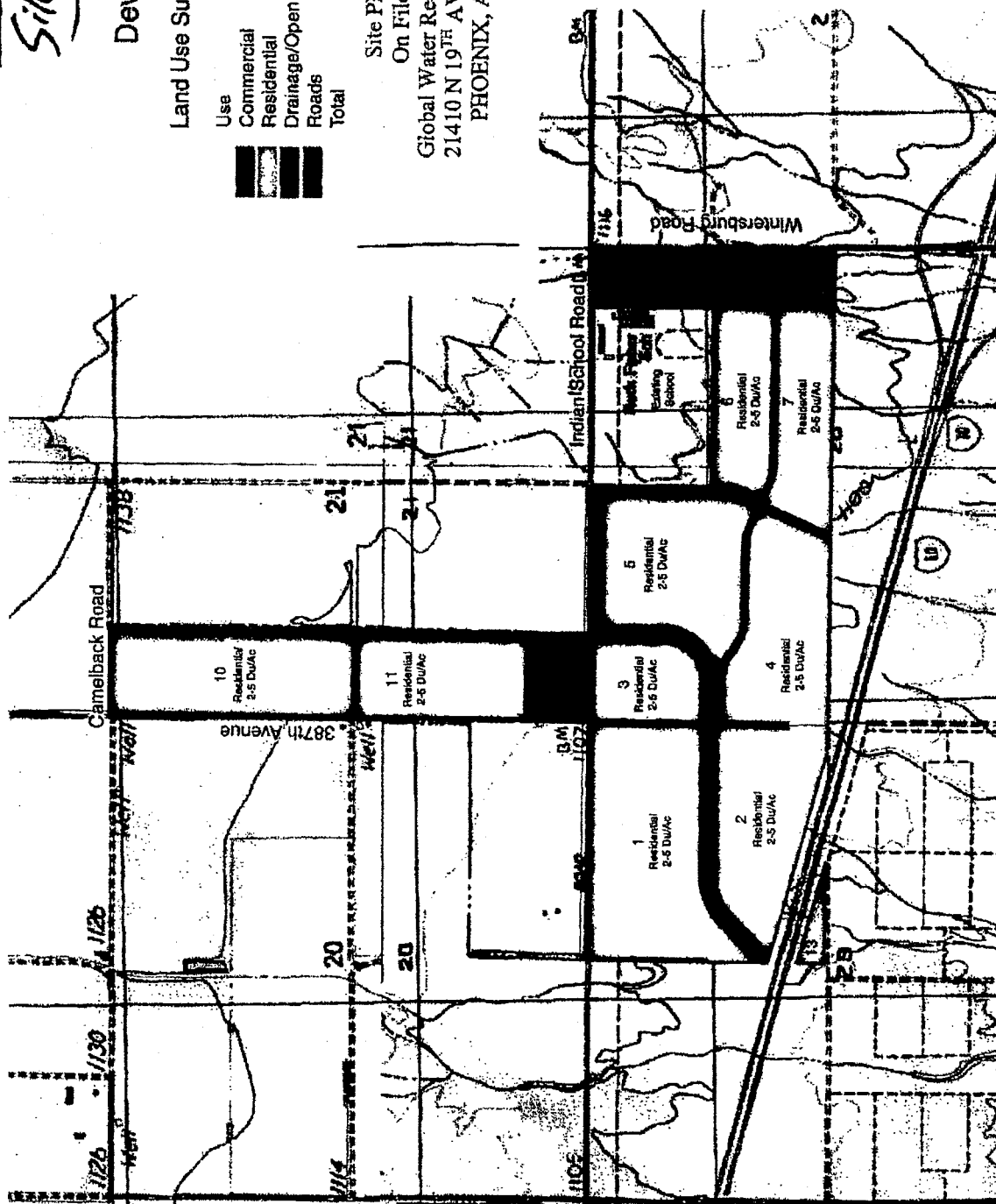
Land Use Summary Table

Use	Area	Density	Units
Commercial	36.3		
Residential	375.4	2-5 Du/Ac	1877
Drainage/Open Space	74.0		
Roads	42.8		
Total	528.5	3.55 Du/Ac	1877 Du

Site Plan

On File at

Global Water Resources, LLC
21410 N 19TH AVE., STE 201
PHOENIX, AZ 85027

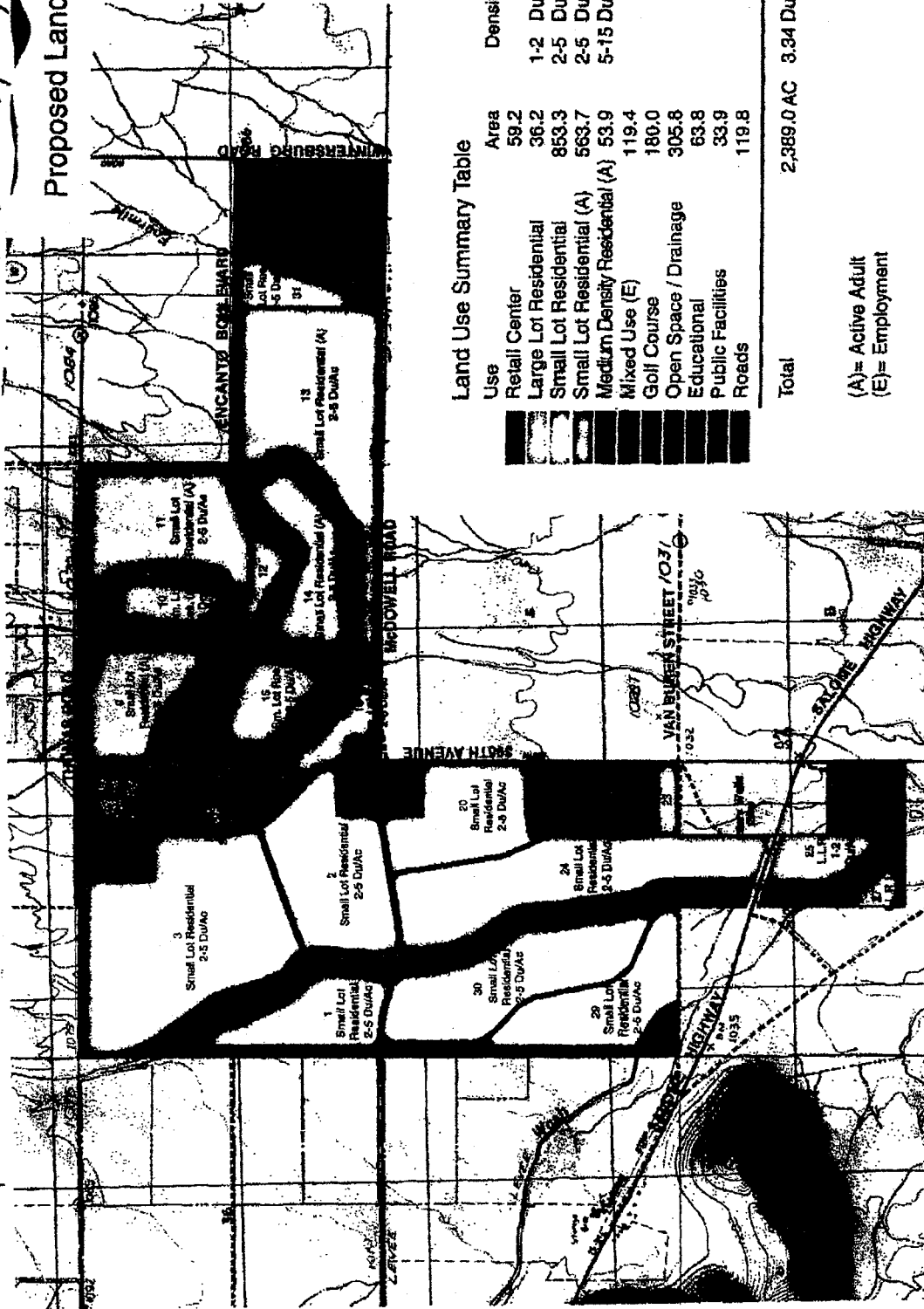


DATE: 11-30-15

Silver Springs Ranch

Proposed Land Use Map

Site plan on File at Global Water Resources 21410 N. 19th Ave., Ste 201 Phoenix, AZ 85027



Land Use Summary Table

Use	Area	Density	Du
Retail Center	59.2	1-2 Du/Ac	72
Large Lot Residential	36.2	2-5 Du/Ac	4,266
Small Lot Residential	853.3	2-5 Du/Ac	2,818
Small Lot Residential (A)	563.7	5-15 Du/Ac	808
Mixed Use (E)	53.9		
Golf Course	119.4		
Open Space / Drainage	180.0		
Educational	305.8		
Public Facilities	53.8		
Roads	33.9		
	119.8		

Total 2,389.0 AC 3.34 Du/Ac 7,964 DU



DATE 2-1-06

Project #770001

(A)= Active Adult
(E)= Employment

EXHIBIT C

INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

START WORK NOTICE

SAMPLE START WORK NOTICE

Invoice Date:

Due Date:

Invoice to: Landowner Name
 Landowner Address

By issuance of this Start Work Notice, Landowner notifies and authorizes Coordinator to commence the bidding of the construction jobs necessary to provide water, wastewater and reclaimed water services to the development.

Amount due:

Number of lots within development	1,000
Start Work Notice fee per lot	\$500
Invoice Amount	\$500,000

EXHIBIT DINFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENTDESCRIPTION OF WUGT AND HUC SERVICES TO BE COORDINATED BY COORDINATORWUGT

Coordinator warrants that the following description of services includes all approvals, permits and requirements necessary to provide water service to the project.

- Expand CC&N water service area to include the Land, if necessary, including filing for a CC&N expansion within 30 days of closing of the acquisition of WMC and WUGT;
- Prepare a master water plan with respect to the Land;
- Confirm, construct and/or develop sufficient water plant, well source capacity and Central Arizona Project water source capacity and delivery systems for the Land;
- Extend a water distribution main line to the Delivery Points;
- Provide will-serve letters to applicable governmental agencies necessary for final Plat Approvals with a schedule of commitment dates personalized for the Land;
- Provide a 100-year assured water supply through Department of Water Resources via an Assured Water Designation or assist Landowner with the Certificate for Assured Water Supply application required for final Plat Approvals and Department of Real Estate approvals;
- Prepare Interim Use Permit for Land as described within this Agreement;
- Provide expedited final subdivision plat water improvement plan check and coordination with the Arizona Department of Environmental Quality for Approvals to Construct; and,
- Obtain/Develop facilities extension agreement for construction of infrastructure within the Land (subject to reimbursement).

HUC

Coordinator warrants that the following description of services includes all approvals, permits and requirements necessary to provide reclaimed water and wastewater service to the project.

- Expand CC&N wastewater service area to include the Land, including filing for a CC&N or CC&N expansion within 30 days of closing of the acquisition of WMC and WUGT;
- Prepare a master wastewater plan with respect to the Land;
- Develop a master reclaimed water treatment, retention, and distribution plan including interim well water supply for lake storage facilities;
- Confirm, construct and/or develop sufficient wastewater plant capacity and Off-Site

Facilities for the Land;

- Extend a wastewater collection system main line to the Delivery Points;
- Extend a reclaimed water line to a water storage facility within the Land;
- Provide all permitting and regulatory approvals including but not limited to an Aquifer Protection Permit and Maricopa County Association of Governments (MAG) 208 Water Quality Plan as necessary;
- Provide will-serve letters to applicable governmental agencies necessary for final Plat Approvals with a schedule of commitment dates personalized for the Land;
- Provide expedited final subdivision plat wastewater improvement plan check and coordination with the Arizona Department of Environmental Quality for Approvals to Construct; and,
- Obtain/Develop facilities extension agreement for construction of infrastructure within the Land (subject to reimbursement),

EXHIBIT E
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT
WATER FACILITIES EXTENSION AGREEMENT

This Agreement is made this _____ day of _____, 2005 by and between
WATER UTILITY OF GREATER TONOPAH an Arizona corporation ("Company"), and
_____, an _____ ("Developer").

RECITALS:

A. Developer desires that water utility service be extended to and for its real estate development located in Parcel ____ of _____ consisting of ____ (single family, multi-family or commercial) lots, in Maricopa County within the general vicinity of the City of _____, Arizona (the "Development"). A legal description for the Development is attached hereto as Exhibit "A" and incorporated herein by this reference. The Development is located within Company's Certificate of Convenience and Necessity ("CC&N"), and the Company shall be responsible for extending service to the Delivery Points identified in Exhibit "B" hereto, and Company requires no further payment from Developer for Off-Site Facilities.

B. Company is a public service corporation as defined in Article XV, Section 2 of the Arizona Constitution which owns and operates a sewage treatment plant and collection system and holds a CC&N from the Commission granting Company the exclusive right to provide sewer utility service within portions of Maricopa County, Arizona.

C. Developer is willing to construct and install facilities within the Development necessary to extend sewer utility service within the Development which facilities shall connect to the Company's system as generally shown on the map attached hereto as Exhibit

"B." Company is willing to provide water utility service to the Development in accordance with relevant law, including the rules and regulations of the Commission on the condition that Developer fully and timely perform the obligations and satisfy the conditions and requirements set forth below.

COVENANTS AND AGREEMENTS:

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. **Construction of On-Site Facilities.** Developer agrees to construct and install water distribution mains and pipelines, valves, booster stations, hydrants, fittings, service lines and all other related facilities and improvements necessary to provide water utility service to each lot or building within the Development as more particularly described in Exhibit "C" attached hereto and incorporated herein by this reference (referred to hereinafter as the "Facilities"). The Facilities shall connect to the Company's system at the point shown on the approved plans as generally depicted on the map attached hereto as Exhibit "B" (the "Delivery Points") and shall be designed and constructed within the Development in a manner which allows the provision of safe and reliable water utility service to each lot therein. Subject to the terms and conditions set forth herein (including, without limitation, Company's rights of plan review and approval and inspection of final construction), Developer shall be responsible for all construction activities associated with the Facilities, and Developer shall be liable for and pay when due all costs, expenses, claims and liabilities associated with the construction and installation of the Facilities. Company shall be responsible for payment, financing, construction

and design of any and all Off-Site Facilities without any additional compensation from Developer. Under this Agreement, "Off-Site Facilities" means those water and reclaimed water facilities to be constructed by Company or its affiliates under this Agreement, including all water, reclaimed water, and treatment, transmission, storage, pumping, and delivery facilities constructed either off the Land or on the Land to the Delivery Points as defined and agreed by the Parties.

2. **Construction Standards and Requirements.** The Facilities shall meet and comply with Company's reasonable standards and specifications, and all engineering plans and specifications for the Facilities shall be approved by Company and its engineers ("Company's Engineer"), prior to the commencement of construction with such approval not be unreasonably withheld. Company and Company's Engineer shall review the plans and specifications and shall provide any requirements or comments as soon as practicable. Developer shall require that its contractor be bound by and conform to the plans and specifications for the Facilities as finally approved by Company. The construction and installation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality ("ADEQ"), the ACC, and any other governmental authority having jurisdiction there over.

3. **Right of Inspection; Corrective Action.** Company shall have the right to have Company's Engineer inspect and test the Facilities at reasonable times during the course of construction as necessary to ensure conformance with plans and specifications. If at any time before the final acceptance by Company of the Facilities any construction, materials or workmanship are found to be defective or deficient in any way, or the Facilities fail to conform to this Agreement, then Company may reject such defective or deficient construction, materials

and/or workmanship and require Developer to fully pay for all necessary corrective construction efforts ("Corrective Action"). Company reserves the right to withhold approval and to forbid connection of any defective portion of the Facilities to Company's system unless and until the Facilities have been constructed in accordance with plans and specifications and all applicable regulatory requirements. Further, Developer shall promptly undertake any Corrective Action required to remedy such defects and deficiencies in construction, materials and workmanship upon receipt of notice by Company. The foregoing notwithstanding, Company shall not unreasonably withhold or delay acceptance of the Facilities.

4. **Transfer of Ownership.** Upon completion and approval of the as-built Facilities by Company and any other governmental authority whose approval is required, Developer shall transfer all right, title and interest in the Facilities to Company via a bill of sale in a form satisfactory to Company. Thereafter, Company shall be the sole owner of the Facilities and be responsible for their operation, maintenance and repair. Company's ownership and responsibility shall include all distribution mains and/or related appurtenances within the Development up to the point of connection to the service line of each customer receiving service. Maintenance and repair of each service line, which lines are not part of the Facilities, shall be Developer's, the Development's or each individual customers' responsibility. All work performed by or on behalf of Developer shall be warranted by Developer for one year from the date of transfer of the Facilities to Company against defects in materials and workmanship. Developer shall also covenant, at the time of transfer, that the Facilities are free and clear of all liens and encumbrances, and unless the time period for filing lien claims has expired, shall provide evidence in the form of lien waivers that all claims of contractors, subcontractors, mechanics and materialmen have been paid and satisfied.

5. **Final As-Built Drawings and Accounting of Construction Costs.**

Immediately following completion and approval of the Facilities, Developer shall provide Company with three sets of as-built drawings and specifications for the Facilities and a reproducible copy of such drawings. Developer shall also provide an accounting of the cost of constructing and installing the Facilities, which amount shall be refundable in accordance with paragraph 8, below. Company shall have no obligation to furnish service to the Development or to accept the transfer of the Facilities until Developer has complied with this paragraph.

6. **Easements.** Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate size, location, and configuration so as to allow Company ready access to the Facilities for maintenance and repairs and other activities necessary to provide safe and reliable water utility service. Such easements and rights-of-way shall be provided to Company by Developer at the same time as Developer transfers ownership of the Facilities pursuant to paragraph 4, above. At the time of transfer, all easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

7. **Reimbursement for Engineering and Other Fees and Expenses.**

Developer shall also reimburse Company for the reasonable costs, expenses and fees, including legal fees and costs that are incurred by Company for preparation of this Agreement, for reviewing and approving the plans and specifications for the Facilities to be constructed by Developer, for inspecting the Facilities during construction and other supervisory activities undertaken by Company, for obtaining any necessary approvals from governmental authorities

(collectively the "Administrative Costs"). For such purpose, at the time of the signing of this Agreement, the Developer will pay an advance to the Company of Seven Thousand Five Hundred Dollars (\$7,500). Developer shall provide additional advances to Company, as may be reasonably requested by Company in writing from time-to-time, to reimburse Company for any additional Administrative Costs it incurs. In no event shall such Administrative Costs exceed 10.0% of the cost of the Facilities. All amounts paid to Company pursuant to this provision shall constitute advances in aid of construction and be subject to refund pursuant to paragraph 8, below.

8. **Refunds of Advances.** Company shall refund annually to Developer an amount equal to seven percent (7%) of the gross annual revenues received by Company from the provision of water utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August, commencing in the fourth calendar year following the calendar year in which title to the Facilities is transferred to and accepted by Company and continuing thereafter in each succeeding calendar year for a total of twenty-two (22) years. No interest shall accrue or be payable on the amounts to be refunded hereunder, and any unpaid balance remaining at the end of such twenty-two year period shall be non-refundable. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder. For the purposes of this provision, the total amount of Developer's advances shall be equal to Developer's actual cost of constructing the Facilities, less the costs of any corrective action as defined in paragraph 3 above, the costs of curing any defects arising during the warranty period, as provided herein, and the costs of any unreasonable overtime incurred in the construction of the Facilities, above, and the amounts paid by Developer to Company for Administrative Costs pursuant to paragraph 7,

above.

9. **Company's Obligation to Serve.** Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide water utility service to all customers within the Development in accordance with Company's tariffs and schedule of rates and charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements. However, Company shall have no obligation to accept and operate the Facilities in the event Developer fails to make any payment provided in this Agreement, fails to construct and install the Facilities in accordance with Company's standards and specifications and in accordance with the applicable rules and regulations of ADEQ, the Commission or any other governmental authority having jurisdiction there over, or otherwise fails to comply with the terms and conditions of this Agreement. Developer acknowledges and understands that Company will not establish service to any customer within the Development until such time as Company has accepted the transfer of the Facilities, and all amounts that Developer is required to pay Company hereunder have in fact been paid. The foregoing notwithstanding, the Company shall not terminate service to any customer within the Development to whom service has been properly established as a consequence of any subsequent breach or nonperformance by Developer hereunder.

10. **Liability for Income Taxes.** In the event it is determined that all or any portion of Developer's advances in aid of construction hereunder constituted taxable income to Company as of the date of this Agreement or at the time Company actually receives such advances hereunder, and if no reasonable alternative business arrangement then exists to avoid such tax effect, Developer will advance funds to Company equal to the income taxes resulting from Developer's advance hereunder. These funds shall be paid to Company within twenty (20)

days following notification to Developer that a determination has been made that any such advances constitute taxable income, and such tax funds are then due and payable, whether by virtue of any determination or notification by a governmental authority, amendment to the Internal Revenue Code, any regulation promulgated by the Internal Revenue Service, or similar change to any statute, rule or regulation relating to this matter. Such notification shall include documentation reasonably necessary to substantiate the Company's liability for income taxes resulting from the Developer's advances in aid of construction under this Agreement. In the event that additional funds are paid by Developer under this paragraph, such funds shall also constitute advances in aid of construction. In addition, Developer shall indemnify and hold Company harmless for, from and against any tax related interest, fines and penalties assessed against Company and other costs and expenses incurred by Company as a consequence of late payment by Developer of amounts described above.

11. **Notice.** All notices and other written communications required hereunder shall be sent to the parties as follows:

COMPANY:

Water Utility of Greater Tonopah
Attn: Cindy M. Liles, Senior Vice President
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

DEVELOPER:

Each party shall advise the other party in writing of any change in the manner in which notice is to be provided hereunder.

12. **Governing Law.** This Agreement, and all rights and obligations hereunder, shall be subject to and governed by the rules and regulations of the Commission relating to domestic water utilities and generally shall be governed by and construed in accordance with the laws of the State of Arizona. Developer understands and acknowledges that Company's rates and charges, and other terms and conditions applicable to its provision of utility service, may be modified from time-to-time by order of the Commission. Company shall provide Developer with copies of such orders that may affect Developer's rights and obligations hereunder.

13. **Time is of the Essence.** Time is and shall be of the essence of this Agreement.

14. **Indemnification: Risk of Loss.** Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Developer's failure to comply with any of the terms and conditions contained herein, including (without limitation) Company's refusal to serve any unit within the Development based on Developer's failure to pay all amounts required hereunder in a timely manner. Developer's duty to indemnify Company shall extend to all construction activities undertaken by Developer, its contractors, subcontractors, agents, and employees hereunder. Developer's duty to indemnify shall not apply to the extent any claims, demands and/or other liabilities and expenses are caused by Company's negligent or intentional actions or inaction. Company shall indemnify and hold Developer harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Company's failure to comply with any of the terms and conditions contained herein.

Company's duty to indemnify Developer shall extend to all construction activities undertaken by Company, its contractors, subcontractors, agents, and employees hereunder. Company's duty to indemnify shall not apply to the extent any claims, demands and/or other liabilities and expenses are caused by Developer's negligent or intentional actions or inaction. This indemnity clause shall not apply to the extent such claim, demand, liability and/or expense is attributable to any third party.

15. **Successors and Assigns.** This Agreement may be assigned by either of the parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

16. **Dispute Resolution.** The parties hereto agree that each will use good faith efforts to resolve, through negotiation, disputes arising hereunder without resorting to mediation, arbitration or litigation.

17. **Attorneys' Fees.** The prevailing party in any litigation or other proceeding concerning or related to this Agreement, or the enforcement thereof, shall be entitled to recover its costs and reasonable attorneys' fees.

18. **Authority to Perform.** Company represents and warrants to Developer that Company has the right, power and authority to enter into and fully perform this Agreement. Developer represents and warrants to Company that Developer has the right, power and authority to enter into and fully perform this Agreement.

DEVELOPER:

COMPANY:

WATER UTILITY OF GREATER TONOPAH

20060939440

an Arizona corporation

By _____
Its _____

By _____
Cindy Liles
Its: Senior Vice President

20060939440

EXHIBIT "B"

Point(s) of Connection [Delivery Point(s)]

EXHIBIT "C"**Water Facilities Budget**
(Required to be completed by Developer prior to execution of agreement)

Item	QTY	UNIT	UNIT \$	TOTAL \$
8" C-900, Class 150 Water Main		LF		
8" Valve Box & Cover		EA		
Fire Hydrant, Complete		EA		
3 / 4" Double Water Service		EA		
3 / 4" Single Water Service		EA		
1 1/2' Landscape service		EA		
2" Landscape service		EA		
1" Landscape service		EA		
Subtotal				
Sales Tax				
Total				

EXHIBIT F
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

SEWER FACILITIES EXTENSION AGREEMENT

This Agreement is made this _____ day of _____, 2005 by and between HASSAYAMPA UTILITY COMPANY, an Arizona corporation ("Company"), _____, an _____ ("Developer").

RECITALS:

A. Developer desires that sewer utility service be extended to and for its real estate development located in Parcel ____ of _____ consisting of ____ (single family, multi-family or commercial) lots, in Maricopa County within the general vicinity of the City of Maricopa, Arizona (the "Development"). A legal description for the Development is attached hereto as Exhibit "A" and incorporated herein by this reference. The Development is located within Company's Certificate of Convenience and Necessity ("CC&N"), the Company has shall be responsible for extending service to the Delivery Points identified in Exhibit "B" hereto, and the Company requires no further payment from Developer for Off-Site Facilities.

B. Company is a public service corporation as defined in Article XV, Section 2 of the Arizona Constitution which owns and operates a sewage treatment plant and collection system and holds a CC&N from the Commission granting Company the exclusive right to provide sewer utility service within portions of Maricopa County, Arizona.

C. Developer is willing to construct and install facilities within the Development necessary to extend sewer utility service within the Development which facilities shall connect to the Company's system as generally shown on the map attached hereto as Exhibit "B" (the "Delivery Points"). Company is willing to provide sewer utility service to the

20060939440

Development in accordance with relevant law, including the rules and regulations of the Commission on the condition that Developer fully and timely perform the obligations and satisfy the conditions and requirements set forth below.

COVENANTS AND AGREEMENTS:

NOW, THEREFORE, in consideration of the following covenants and agreements, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Construction of On-Site Facilities.** Developer agrees to construct and install sewage collection mains, manholes, pumping stations and/or such other facilities and improvements necessary to provide sewer utility service to each lot or building within the Development as more particularly described in Exhibit "C" attached hereto and incorporated herein by this reference (referred to hereinafter as the "Facilities"). The Facilities shall connect to the Company's system at the point shown on the approved plans as generally depicted on the map attached hereto as Exhibit "B" (the "Delivery Points"), and shall be designed and constructed within the Development in a manner which allows the provision of safe and reliable sewer utility service to each lot therein. Subject to the terms and conditions set forth herein (including, without limitation, Company's rights of plan review and approval and inspection of final construction), Developer shall be responsible for all construction activities associated with the Facilities, and Developer shall be liable for and pay when due all costs, expenses, claims and liabilities associated with the construction and installation of the Facilities. Company shall be responsible for payment, financing, construction and design of any and all Off-Site Facilities without any additional compensation from Developer. Under this Agreement, "Off-Site Facilities" means those wastewater facilities to be constructed by Company or its affiliates under this Agreement, including all wastewater plant, production, treatment, transmission, storage, pumping, and delivery facilities constructed either off the Land or on the Land to the Delivery Points as defined and agreed by the Parties.

2. **Construction Standards and Requirements.** The Facilities shall meet and comply with Company's reasonable standards and specifications, and all engineering plans and specifications for the Facilities shall be approved by Company and its engineers ("Company's Engineer") prior to the commencement of construction with such approval not to be unreasonably withheld. Company and Company's Engineer shall review the plans and specifications and shall provide any requirements or comments as soon as practicable. Developer shall require that its contractor be bound by and conform to the plans and specifications for the Facilities as finally approved by Company. The construction and installation of the Facilities shall be in conformance with the applicable regulations of the Arizona Department of Environmental Quality ("ADEQ"), the ACC, and any other governmental authority having jurisdiction there over.

3. **Right of Inspection; Corrective Action.** Company shall have the right to have Company's Engineer inspect and test the Facilities at reasonable times during the course of construction as necessary to ensure conformance with plans and specifications. If at any time before the final acceptance by Company of the Facilities any construction, materials or workmanship are found to be defective or deficient in any way, or the Facilities fail to conform to this Agreement, then Company may reject such defective or deficient construction, materials and/or workmanship and require Developer to fully pay for all necessary corrective construction efforts ("Corrective Action"). Company reserves the right to withhold approval and to forbid connection of any defective portion of the Facilities to Company's system unless and until the Facilities have been constructed in accordance with plans and specifications and all applicable regulatory requirements. Further, Developer shall promptly undertake any Corrective Action required to remedy such defects and deficiencies in construction, materials and workmanship

upon receipt of notice by Company. The foregoing notwithstanding, Company shall not unreasonably withhold or delay acceptance of the Facilities.

4. **Transfer of Ownership.** Upon completion and approval of the as-built Facilities by Company and any other governmental authority whose approval is required, Developer shall transfer all right, title and interest in the Facilities to Company via a bill of sale in a form satisfactory to Company. Company, in its sole discretion, may require Developer to conduct a video inspection of any of the Facilities prior to final approval and acceptance to ensure that no breaks or similar defects exist. Thereafter, Company shall be the sole owner of the Facilities and be responsible for their operation, maintenance and repair. Company's ownership and responsibility shall include all pumping stations, manholes, collection and transmission mains and/or related appurtenances within the Development up to the point of connection of the sewer line of each customer receiving service to the collection main. Maintenance and repair of each sewer service line, which lines are not part of the Facilities, shall be Developer's, the Development's or each individual customers' responsibility. All work performed by or on behalf of Developer shall be warranted by Developer for one year from the date of transfer of the Facilities to Company against defects in materials and workmanship. Developer shall also covenant, at the time of transfer, that the Facilities are free and clear of all liens and encumbrances, and unless the time period for filing lien claims has expired, shall provide evidence in the form of lien waivers that all claims of contractors, subcontractors, mechanics and materialmen have been paid and satisfied.

5. **Final As-Built Drawings and Accounting of Construction Costs.** Immediately following completion and approval of the Facilities, Developer shall provide Company with three sets of as-built drawings and specifications for the Facilities and a

reproducible copy of such drawings. Developer shall also provide an accounting of the cost of constructing and installing the Facilities, which amount shall be refundable in accordance with paragraph 8, below. Company shall have no obligation to furnish service to the Development or to accept the transfer of the Facilities until Developer has complied with this paragraph.

6. **Easements.** Developer shall be responsible for obtaining all necessary easements and rights-of-way for the construction and installation, and subsequent operation, maintenance and repair of the Facilities. Such easements and rights-of-way shall be of adequate size, location, and configuration so as to allow Company ready access to the Facilities for maintenance and repairs and other activities necessary to provide safe and reliable sewer utility service. Evidence of such easements and rights-of-way shall be provided to Company by Developer at the same time as Developer transfers ownership of the Facilities pursuant to paragraph 4, above. At the time of transfer, all easements and rights-of-way shall be free of physical encroachments, encumbrances or other obstacles. Company shall have no responsibility to obtain or secure on Developer's behalf any such easements or rights-of-way.

7. **Reimbursement for Engineering and Other Fees and Expenses.** Developer shall also reimburse Company for the reasonable costs, expenses and fees, including legal fees and costs that are incurred by Company for preparation of this Agreement, for reviewing and approving the plans and specifications for the Facilities to be constructed by Developer, for inspecting the Facilities during construction and other supervisory activities undertaken by Company, for obtaining any necessary approvals from governmental authorities (collectively the "Administrative Costs"). For such purpose, at the time of the signing of this Agreement, the Developer will pay an advance to the Company of Seven Thousand Five Hundred Dollars (\$7,500). Developer shall provide additional advances to Company, as may be

reasonably requested by Company in writing from time-to-time, to reimburse Company for any additional Administrative Costs it incurs. All amounts paid to Company pursuant to this provision shall constitute advances in aid of construction and be subject to refund pursuant to paragraph 8, below.

8. **Refunds of Advances.** Company shall refund annually to Developer an amount equal to two and one-half percent(2.5%) of the gross annual revenues received by Company from the provision of sewer utility service to each bona fide customer within the Development. Such refunds shall be paid by Company on or before the first day of August, commencing in the fourth calendar year following the calendar year in which title to the Facilities is transferred to and accepted by Company and continuing thereafter in each succeeding calendar year for a total of twenty-two (22) years. No interest shall accrue or be payable on the amounts to be refunded hereunder, and any unpaid balance remaining at the end of such twenty-two year period shall be non-refundable. In no event shall the total amount of the refunds paid by Company hereunder exceed the total amount of all advances made by Developer hereunder. For the purposes of this provision, the total amount of Developer's advances shall be equal to Developer's actual cost of constructing the Facilities, less the costs of any corrective action as defined in paragraph 3 above, the costs of curing any defects arising during the warranty period, as provided herein, and the costs of any unreasonable overtime incurred in the construction of the Facilities, above, and the amounts paid by Developer to Company for Administrative Costs pursuant to paragraph 7, above.

9. **Company's Obligation to Serve.** Subject to the condition that Developer fully perform its obligations under this Agreement, Company shall provide sewer utility service to all customers within the Development in accordance with Company's tariffs and schedule of

rates and charges for service, the rules and regulations of the Commission and other regulatory authorities and requirements. However, Company shall have no obligation to accept and operate the Facilities in the event Developer fails to make any payment provided in this Agreement, fails to construct and install the Facilities in accordance with Company's standards and specifications and in accordance with the applicable rules and regulations of ADEQ, the Commission or any other governmental authority having jurisdiction there over, or otherwise fails to comply with the terms and conditions of this Agreement. Developer acknowledges and understands that Company will not establish service to any customer within the Development until such time as Company has accepted the transfer of the Facilities, and all amounts that Developer is required to pay Company hereunder have in fact been paid. The foregoing notwithstanding, the Company shall not terminate service to any customer within the Development to whom service has been properly established as a consequence of any subsequent breach or nonperformance by Developer hereunder.

10. **Liability for Income Taxes.** In the event it is determined that all or any portion of Developer's advances in aid of construction hereunder constituted taxable income to Company as of the date of this Agreement or at the time Company actually receives such advances hereunder, and if no reasonable alternative business arrangement then exists to avoid such tax effect, Developer will advance funds to Company equal to the income taxes resulting from Developer's advance hereunder. These funds shall be paid to Company within twenty (20) days following notification to Developer that a determination has been made that any such advances constitute taxable income, and such tax funds are then due and payable, whether by virtue of any determination or notification by a governmental authority, amendment to the Internal Revenue Code, any regulation promulgated by the Internal Revenue Service, or similar

change to any statute, rule or regulation relating to this matter. Such notification shall include documentation reasonably necessary to substantiate the Company's liability for income taxes resulting from the Developer's advances in aid of construction under this Agreement. In the event that additional funds are paid by Developer under this paragraph, such funds shall also constitute advances in aid of construction. In addition, Developer shall indemnify and hold Company harmless for, from and against any tax related interest, fines and penalties assessed against Company and other costs and expenses incurred by Company as a consequence of late payment by Developer of amounts described above.

11. **Notice.** All notices and other written communications required hereunder shall be sent to the parties as follows:

COMPANY:

Hassayampa Utility Company,
Attn: Cindy M. Liles, Senior Vice President
21410 N. 19th Avenue
Suite 201
Phoenix, Arizona 85027

DEVELOPER:

Each party shall advise the other party in writing of any change in the manner in which notice is to be provided hereunder.

12. **Governing Law.** This Agreement, and all rights and obligations hereunder, shall be subject to and governed by the rules and regulations of the Commission

relating to domestic sewer utilities and generally shall be governed by and construed in accordance with the laws of the State of Arizona. Developer understands and acknowledges that Company's rates and charges, and other terms and conditions applicable to its provision of utility service, may be modified from time-to-time by order of the Commission. Company shall provide Developer with copies of such orders that may affect Developer's rights and obligations hereunder.

13. **Time is of the Essence.** Time is and shall be of the essence of this Agreement.

14. **Indemnification: Risk of Loss.** Developer shall indemnify and hold Company harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Developer's failure to comply with any of the terms and conditions contained herein, including (without limitation) Company's refusal to serve any unit within the Development based on Developer's failure to pay all amounts required hereunder in a timely manner. Developer's duty to indemnify Company shall extend to all construction activities undertaken by Developer, its contractors, subcontractors, agents, and employees hereunder. Developer's duty to indemnify shall not apply to the extent any claims, demands and/or other liabilities and expenses are caused by Company's negligent or intentional actions or inaction. Company shall indemnify and hold Developer harmless for, from and against any and all claims, demands and other liabilities and expenses (including attorneys' fees and other costs of litigation) arising out of or otherwise relating to Company's failure to comply with any of the terms and conditions contained herein. Company's duty to indemnify Developer shall extend to all construction activities undertaken by Company, its contractors, subcontractors, agents, and employees hereunder. Company's duty to

indemnify shall not apply to the extent any claims, demands and/or other liabilities and expenses are caused by Developer's negligent or intentional actions or inaction. This indemnity clause shall not apply to the extent such claim, demand, liability and/or expense is attributable to any third party.

15. **Successors and Assigns.** This Agreement may be assigned by either of the parties provided that the assignee agrees in writing to be bound by and fully perform all of the assignor's duties and obligations hereunder. This Agreement and all terms and conditions contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of the parties.

16. **Dispute Resolution.** The parties hereto agree that each will use good faith efforts to resolve, through negotiation, disputes arising hereunder without resorting to mediation, arbitration or litigation.

17. **Attorneys' Fees.** The prevailing party in any litigation or other proceeding concerning or related to this Agreement, or the enforcement thereof, shall be entitled to recover its costs and reasonable attorneys' fees.

18. **Authority to Perform.** Company represents and warrants to Developer that Company has the right, power and authority to enter into and fully perform this Agreement. Developer represents and warrants to Company that Developer has the right, power and authority to enter into and fully perform this Agreement.

20060939440

DEVELOPER:

By _____
Its _____

COMPANY:

HASSAYAMPA UTILITY COMPANY
an Arizona corporation

By _____
Cindy M. Liles
Its: Senior Vice President

20060939440

EXHIBIT "A"
Legal Description

20060939440

EXHIBIT "B"

Point(s) of Connection (Delivery Point)

Wastewater Master Plan
Global Water Installations

WRF

Water Reclamation Facilities

Collection Pipeline (Sized to
Accommodate Regional Growth)

Northern and Southern Service Areas can be interconnected via a bored crossing of Interstate 10. Completion of this crossing will delay the need to commence construction of the Northern Water Reclamation Facility.

All Global Water pipeline installations will be completed prior to construction of paved roadways.

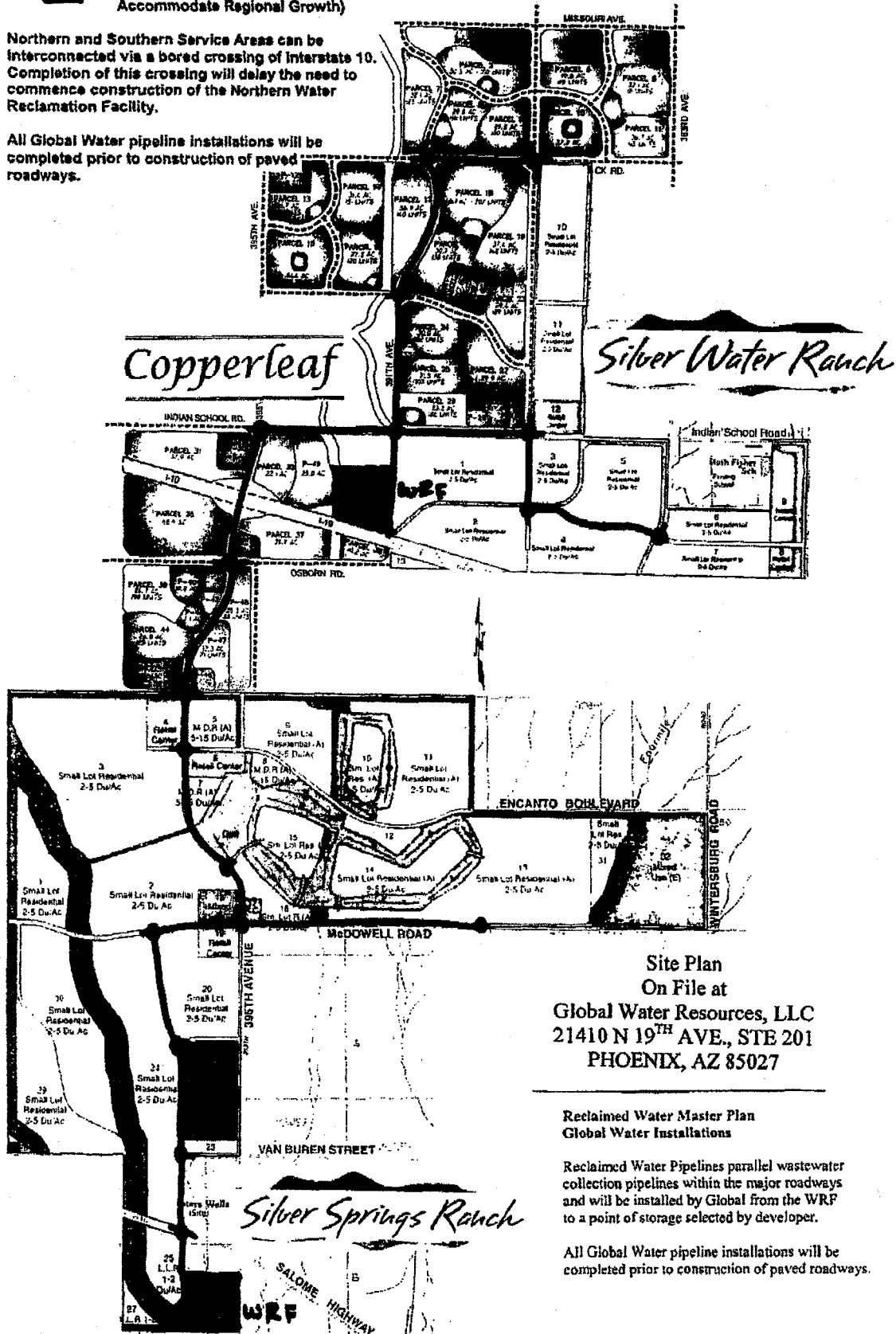


EXHIBIT "C"**Wastewater Facilities Budget**
(Required to be completed by Developer prior to execution of agreement)

Item	QTY	UNIT	UNIT \$	TOTAL \$
8" SDR 35 Sewer Main		LF		
10" SDR 35 Sewer Main		LF		
4' Manhole		EA		
Sewer Cleanout		EA		
4" Sewer Service		EA		
Subtotal				
Sales Tax				
Total				

EXHIBIT G
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

OFF SITE FACILITIES

Water

Backbone/offsite water infrastructure includes all ground water wells, treatment facilities, storage and distribution centers, and major distribution pipelines (typically 16" diameter or greater) that generally run beneath major roadways. These roadways are usually located along section lines and cover a one mile by one mile grid. Connection stubs to onsite/in-parcel infrastructure are provided from these distribution pipelines.

Wastewater/Reclaimed Water

Backbone/offsite wastewater infrastructure includes all major collection pipelines (typically 18" to 48" diameter) that generally run beneath major roadways. Connections to these pipelines are typically provided for the onsite/in-parcel wastewater collection system at designated locations along a one mile by one mile section line grid. Backbone/offsite wastewater infrastructure also includes all lift stations, reclamation facilities, and major reclaimed water distribution pipelines. Reclaimed water infrastructure generally runs parallel to the wastewater main lines within the major roadway to the onsite storage facility provided by the Landowner.

EXHIBIT H
INFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

The attached maps indicate proposed lines to be the responsibility of the utilities based on the proposed land use plan submitted. Typically, the utility is responsible for water lines in size of 16 inch or greater and wastewater lines 18 inch or greater. The Delivery Points as designated on the attached maps will change as agreed according to the final map.

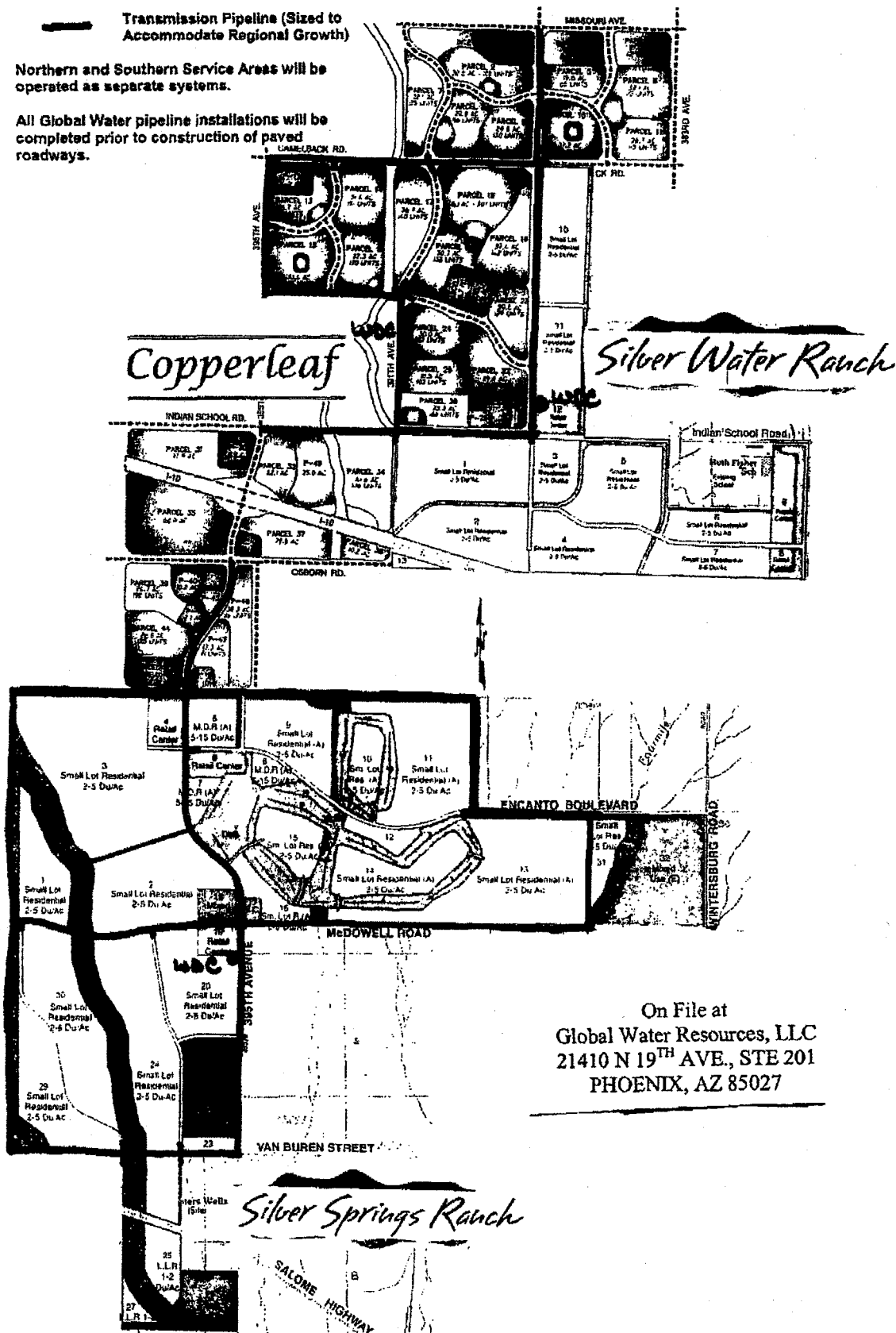
Potable Water Master Plan
Global Water Installations

WDC Water Distribution Centers
(Storage and Pumping Stations)

— Transmission Pipeline (Sized to
Accommodate Regional Growth)

Northern and Southern Service Areas will be
operated as separate systems.

All Global Water pipeline installations will be
completed prior to construction of paved
roadways.



On File at
Global Water Resources, LLC
21410 N 19TH AVE., STE 201
PHOENIX, AZ 85027

EXHIBIT IINFRASTRUCTURE COORDINATION, FINANCE AND OPTION AGREEMENT

WATER UTILITY OF GREATER TONOPAH
21410 N. 19th Avenue, Suite 201
Phoenix, Arizona 85027

Date _____

Landowner Name and Address

RE: Will Serve Letter for _____

Dear _____:

Water Utility of Greater Tonopah, Inc. ("WUGT") is a private water company authorized by the Arizona Corporation Commission ("ACC") to furnish water utility service within portions of Maricopa County. [Insert Name of Landowner] has requested that WUGT provide water utility service to the Development as set forth on the legal description attached to this letter as Exhibit A. WUGT has determined that the Development is located partially within WUGT's service territory. Within 30 days of the closing of the pending acquisition of WUGT and the Western Maricopa Combine, WUGT shall file an application with the ACC seeking approval to extend WUGT's CC&N to include all of the land set forth on Exhibit A.

Based upon the inclusion of the above referenced land in the certificate of convenience and necessity (CC&N) territory approved by the ACC, and subject to execution of water line extension agreements by the Landowner and other regulatory approvals including Arizona Department of Water Resources, WUGT has agreed to provide water utility service to the Development. Further, WUGT has agreed to finance and construct facilities and infrastructure necessary to serve the Development in accordance with Line Extension Agreement, and to achieve substantial completion of those facilities and infrastructure within 18 months of the issuance of a Start Work Notice by Landowner. Specifically, pursuant to the conditions noted above, WUGT shall finance and construct the following facilities and infrastructure subject to final engineering and regulatory approvals: [insert general description of facilities to

be constructed].

Please feel free to contact me if you have any questions or require any additional information. We look forward to serving your development.

Respectfully yours,

Cindy M. Liles
Senior Vice President

HASSAYAMPA UTILITY COMPANY
21410 N. 19th Avenue, Suite 201
Phoenix, Arizona 85027

Date _____

Landowner Name and Address

RE: Will Serve Letter for _____

Dear _____:

Hassayampa Utility Company ("HUC") has submitted an application to the Arizona Corporation Commission ("ACC") to form a private wastewater company authorized to furnish reclaimed water and wastewater utility service within portions of Maricopa County. Insert Name of Landowner] has requested that HUC provide reclaimed water and wastewater utility service to the Development as set forth on the legal description attached to this letter as Exhibit A.

Based upon the ACC's approval of the formation of the certificate of convenience and necessity (CC&N) for HUC, the ACC's approval to include the Development in HUC's CC&N territory, execution of wastewater line extension agreements by Landowner and other regulatory approvals including the MAG 208 amendment, HUC has agreed to provide reclaimed water and wastewater utility service to the Development. Further, HUC has agreed to finance and construct facilities and infrastructure necessary to serve the Development in accordance with Line Extension Agreement, and to achieve substantial completion of those facilities and infrastructure within 18 months of the issuance of a Start Work Notice by Landowner. Specifically, pursuant to the conditions noted above, HUC shall finance and construct the following facilities and infrastructure subject to final engineering and regulatory approvals: [insert general description of facilities to be constructed].

Please feel free to contact me if you have any questions or require any additional information. We look forward to serving your development.

20060939440

Respectfully yours,

Cindy M. Liles
Senior Vice President

WMG - 5

Application Approved
Application Pending with ACC
Application to be Submitted

Eastern Expansion
Neely
Neely
Neely-Fulton
Neely-Fulton
Neely
Commercial
Shaw Homes
Ryland
Mason

Application Approved
Application Pending with ACC
Application to be Submitted

Builder/Owner	Development	Phase	Parcel	Erected	Number	Person	Landmark/Developer Via	Units
Palm Verde/Santa Cruz								
Shore Homes	Rebreck Stage 1	2+		7/12/2004	2004-006870	Cheryl Lee and/or Jennie Clatchfield	Telephone, Email and/or in-house meetings	118
	Surrensham-3	1		7/23/2004	2004-006871	Cheryl Lee and/or Jennie Clatchfield	Telephone, Email and/or in-house meetings	853
	Surrensham-2	2		7/23/2004	2004-006872	Cheryl Lee and/or Jennie Clatchfield	Telephone, Email and/or in-house meetings	853
	Surrensham-3	3		7/23/2004	2004-006873	Cheryl Lee and/or Jennie Clatchfield	Telephone, Email and/or in-house meetings	1,120
Valencia	Garrett Daniels, LLC			7/23/2004	2004-006874	Cheryl Lee and/or Jennie Clatchfield	Telephone, Email and/or in-house meetings	840
Elmer's Develop, LLC	Elmer's Develop, LLC			7/23/2004	2004-006875	Cheryl Lee and/or Jennie Clatchfield	Telephone, Email and/or in-house meetings	260
	Paul Gray		N 1/2 S8, T35, R4E	7/15/2004	2004-006883	Cheryl Lee and/or Jennie Clatchfield	Telephone, Email and/or in-house meetings	1,477
	Engle Mountain Shadedw			7/23/2004	2004-006887	Cheryl Lee and/or Jennie Clatchfield	Telephone, Email and/or in-house meetings	2,846
	Engle Mountain Shadedw			7/23/2004	2004-006888	Cheryl Lee and/or Jennie Clatchfield	Telephone, Email and/or in-house meetings	1,120
	Kruse Farms			7/27/2004	2004-006894	Cheryl Lee and/or Jennie Clatchfield	Telephone, Email and/or in-house meetings	560
	Maple-Cactus-Casa Grande Hwy 613			7/28/2004	2004-006893	Cheryl Lee and/or Jennie Clatchfield	Telephone, Email and/or in-house meetings	360
	W 1/2 of Sec 10 T35, R4E			7/28/2004	2004-006893	Cheryl Lee and/or Jennie Clatchfield	Telephone, Email and/or in-house meetings	360
	and portion of E 1/2 of Sec 9			7/28/2004	2004-006893	Cheryl Lee and/or Jennie Clatchfield	Telephone, Email and/or in-house meetings	360
	NE 1/4 of Sec 10 T35, R4E			7/23/2004	2004-006892	Cheryl Lee and/or Jennie Clatchfield	Telephone, Email and/or in-house meetings	70
	NE 1/4 of Sec 10 T35, R4E			7/23/2004	2004-006892	Cheryl Lee and/or Jennie Clatchfield	Telephone, Email and/or in-house meetings	70
	E 1/2 of NE 1/4 of NW 1/4 Sec 4 T35, R4E			7/23/2004	2004-006892	Cheryl Lee and/or Jennie Clatchfield	Telephone, Email and/or in-house meetings	140
	NW 1/4 of NW 1/4			7/23/2004	2004-006892	Cheryl Lee and/or Jennie Clatchfield	Telephone, Email and/or in-house meetings	70
	NW 1/4 of NE 1/4 of NW 1/4 Sec 4 T35, R4E			7/23/2004	2004-006891	Cheryl Lee and/or Jennie Clatchfield	Telephone, Email and/or in-house meetings	350
	Santa Rosa Chisago						Telephone, Email and/or in-house meetings	17,232

Application Approved
Application Pending with ACC
Application to be Submitted

Builder/Owner	Development	Phase	Parcel	Executed	Numbers	Percent	Landowner/Developer on	Units
Southland/Eisenstein	Approved Jan. 2008							
MAK, LLC (BA Lund)	residential Pahrump Ranch			5/17/2005	2005-060410	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	2,100
commercial				5/17/2005	2005-060408	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	72
Trend Homes, Inc.	Shea Homes			5/17/2005	2005-060432	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	600
Amante Creek Unit 2	Westpac			5/17/2005	2005-060422	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	773
Amante Creek Unit 3	Westpac			5/17/2005	2005-060422	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	176
Amante Creek Unit 3	LLC and Dewart Greaves, LLC			5/17/2005	2005-060421	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	1,335
CH Construction Company	Summit Canyon			5/17/2005	2005-060411	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	146
HAM Mariposa, LLC				3/30/2005	2005-060816	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	416
HAM Mariposa, LLC				3/30/2005	2005-060817	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	146
HAM Mariposa, LLC				5/17/2005	2005-060417	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	2,361
HAM Mariposa, LLC				5/17/2005	2005-060414	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	581
Pearson Woods, LLC				3/30/2005	2005-060613	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	2,834
HAM Mariposa, LLC/HAM Glenview Creek, LLC	Westpac			3/30/2005	2005-060413	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	1,107
HAMA and Triad				3/30/2005	2005-060415	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	1,145
HAMA and Triad				3/30/2005	2005-060419	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	1,145
Hoodson Valley Ranch 1, LLC				3/30/2005	2005-060420	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	1,150
Hoodson Valley Ranch 2, LLC				3/30/2005	2005-060420	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	336
Dennis & Carolyn Reed				5/17/2005	2005-060409	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	725
2005-060410				5/17/2005	2005-060410	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	1,130
2005-060410				5/17/2005	2005-060410	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	560
2005-060410				5/17/2005	2005-060418	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	1,095
2005-060410				5/17/2005	2005-060417	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	280
2005-060410				5/17/2005	2005-060417	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	1,062
2005-060410				5/17/2005	2005-060426	Clady, Lee, and/or Janine Clady/Chad	Telephone, Email and/or in-house meetings	38,741

[illegible]

Southeast Expansion	Submitted 12/8/06
Lansley Properties (South part of A, with Volkswagen)	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 3,851
Lansley Properties (North part of A, with Volkswagen)	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 3,851
Lansley Properties (Starmer 1B2)	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 3,356
Lansley Properties (CCB Starfields Estates)	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 2,374
Carmichael Associates / Turner Duen	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 2,170
Dart Property / Terry Bales	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 2,157
Starfield Estates / Turner Duen	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 2,157
DCR, LLC / Bill Cole & Bryan Hartman	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 2,240
El Dorado Big Trail LLC / Dunbar Farms, El Bennett	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 2,730
El Dorado Linkway Trail 780	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 2,240
El Dorado Parker Estates	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 2,240
El Dorado: His Logo, LLC	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 2,335
JH-Johnson's Land Survey Co., Inc. / Linda Smith North	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 2,700
JPJ Properties, Ltd. / JPS 500 LLP / James Raven South	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 420
N3 Townsend (Youmi)	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 546
N5120 (Youmi)	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 753
Menghinney 156 (Youmi)	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 640
CG 115 (Youmi)	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 1,120
Casa Grande Montessori 240 (Youmi)	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 260
RHY Casa Grande 320 (Youmi)	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 260
VW Mount (Youmi)	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 140
LRY Real Estate (Youmi)	Cindy Liles and/or Janine Crichtfield Telephone, Email and/or In-house meetings 12/29/2005 2006-02/21/06 140

Application Approved
Application Pending with ACC
Application to be Submitted

Builder/Owner	Development	Phase	Parcel	Excavated	Number	Person	Landowner/Developer or	Units
Bob McGowan, Coz							Telephone	140
Robert McGowan	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	140
Robert and Dawn (Young)	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	140
Robert and Dawn (Young)	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	140
Bruce and Karen (Young)	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	999
Suzanne BL (Young)	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	210
Trinidad Post Road LLC (Young)	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	140
Charming Casa Grande (Young)	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	4,295
Patrick - New Home	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	5,304
ROBIN Molding (Venezia)	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	10,820
Venise Partners - Jodie Heinrich	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	8,791
ABCDW, LLC (Vabro Barfield 1942)	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	6,720
Vandenberg Farms, LLC (Thugie/Vaislas)	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	105
VO Holdings, LLC (Mark Williams)	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	990
Val Vista & Montenegro (Mark Williams)	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	340
Williams Woods (Mark Williams)	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	260
Tribal Investments	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	260
Douglas Payne	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	287
Kinnwald Family Trust	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	4,200
Teal 80	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	260
Matt Montgomery/SPD, INC	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	2,815
Ken Cowman	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	80
Tim Hagan	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	86
Ken Hagan and Chambers	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	86
Ken McMan and Alexander McMan	12/26/2005	2006-02/21/06				Cindy Lee and/or Janine Clatchfield	Telephone, Email and/or in-house meetings	86

Application Approved
Application Pending with ACC
Application to be Submitted

essentially being provided

Warrant for Arrest

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397
--	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------

WMG - 6

ARIZONA WATER COMPANY/SANTA CRUZ WATER COMPANY

C030730/0196941

Index of Electronic Copies of all Infrastructure Coordination and Financing Agreements Entered Into by Global Water Resources, LLC.

[Produced 05/09/07 via C.D. as a supplemental response by Palo Verde Utilities' Company & Santa Cruz Water Company to Arizona Water Company's data requests]

Tab #	Date:	Description:	Recording Info.:
01.	01/20/04	Infrastructure Coordination Agreement between Phoenix Capital Partners, LLC and Elliott Homes, Inc.	05/19/04 (Pinal) No. 2004-036881
02.	07/23/04	Infrastructure Coordination Agreement between Global Water Resources, LLC and Cool/El Dorado, LLC	09/07/04 (Pinal) No. 2004-069878
03.	07/23/04	Infrastructure Coordination Agreement between Global Water Resources, LLC and Desert Sunrise, LLC	09/07/04 (Pinal) No. 2004-069872
04.	Undated	Site plan entitled, " The Homestead at Rancho El Dorado "	NONE
05.	01/28/04	Infrastructure Coordination Agreement between Phoenix Capital Partners, LLC and Homestead Village North, LLC	05/19/04 (Pinal) No. 2004-036880
06.	01/28/04	Infrastructure Coordination Agreement between Phoenix Capital Partners, LLC and Homestead Village South, LLC	05/19/04 (Pinal) No. 2004-036884
07.	07/01/04	Infrastructure Coordination Agreement between Global Water Resources, LLC and Jnan, LLC	09/07/04 (Pinal) No. 2004-069870
08.	07/01/04	Infrastructure Coordination Agreement between Global Water Resources, LLC and Jnan, LLC	09/07/04 (Pinal) No. 2004-069869
09.	07/21/04	Infrastructure Coordination Agreement between Global Water Resources, LLC and Kruse Farms	09/07/04 (Pinal) No. 2004-069864
10.	07/23/04	Infrastructure Coordination Agreement between Global Water Resources, LLC and Little/El Dorado, LLC	09/07/04 (Pinal) No. 2004-069880
11.	07/23/04	Infrastructure Coordination Agreement between Global Water Resources, LLC and Mace Holdings, LLC	09/07/04 (Pinal) No. 2004-069871
12.	07/23/04	Infrastructure Coordination Agreement between Global Water Resources, LLC and Maricopa 240, LLC	09/07/04 (Pinal) No. 2004-069873

Tab #	Date:	Description:	Recording Info.:
13.	07/23/04	Infrastructure Coordination Agreement between Global Water Resources, LLC and Maricopa 32, LLC	09/07/04 (Pinal) No. 2004-069875
14.	07/23/04	Infrastructure Coordination Agreement between Global Water Resources, LLC and Maricopa 400, LLC	09/07/04 (Pinal) No. 2004-069874
15.	07/23/04	Infrastructure Coordination Agreement between Global Water Resources, LLC and Casa Grande Highway 813, LC	09/07/04 (Pinal) No. 2004-069879
16.	01/28/04	Infrastructure Coordination Agreement between Phoenix Capital Partners, LLC and Newport Holdings, Inc.	05/19/04 (Pinal) No. 2004-036886
17.	01/28/04	Infrastructure Coordination Agreement between Phoenix Capital Partners, LLC and Pecan Valley Investments, LLC	05/19/04 (Pinal) No. 2004-036883
18.	07/01/04	Infrastructure Coordination Agreement between Global Water Resources, LLC and Pitaco Farms Limited Partnership	09/07/04 (Pinal) No. 2004-069867
19.	07/01/04	Infrastructure Coordination Agreement between Global Water Resources, LLC and Pitaco Farms Limited Partnership	09/07/04 (Pinal) No. 2004-069865
20.	07/01/04	Infrastructure Coordination Agreement between Global Water Resources, LLC and Pitaco Farms Limited Partnership	09/07/04 (Pinal) No. 2004-069868
21.	07/01/04	Infrastructure Coordination Agreement between Global Water Resources, LLC and Pitaco Farms Limited Partnership	09/07/04 (Pinal) No. 2004-069866
22.	07/15/04	Infrastructure Coordination Agreement between Global Water Resources, LLC and L&R Contracting Inc., Trap King LLLP, Sue Flores, Pro Active Remarketing LLC, Sean Aldous and Guy Gedeon	09/07/04 (Pinal) No. 2004-069863
23.	01/28/04	Infrastructure Coordination Agreement between Phoenix Capital Partners, LLC and Rio Verde/Munich 640, LLC	05/19/04 (Pinal) No. 2004-036882
24.	01/28/045	Infrastructure Coordination Agreement between Global Water Resources, LLC and Santa Rosa Development, Inc.	05/19/04 (Pinal) No. 2004-036885

Tab #	Date:	Description:	Recording Info.:
25.	07/02/04	Infrastructure Coordination Agreement between Global Water Resources, LLC and Bera Ventures, LLC ; DAC Maricopa Investment, LLC ; JJD Development, LLC ; Maricopa Investment Group, LLC ; Jacob/McCaslin/Eden, LLC and Mesquite Groves, LLC	09/07/04 (Pinal) No. 2004-069881
26.	07/23/04	Infrastructure Coordination Agreement between Global Water Resources, LLC and Western Pinal Industrial Park, LC	09/07/04 (Pinal) No. 2004-069877
27.	07/23/04	Infrastructure Coordination Agreement between Global Water Resources, LLC and William P. Gore and Margie L. Gore	09/07/04 (Pinal) No. 2004-069876
28.	12/01/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and 120 Townsend, LLC	02/14/06 (Pinal) No. 2006-022187
29.	05/17/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Amarillo Creek South, LLC and Desert Cedars, LLC	05/24/05 (Pinal) No. 2005-060422
30.	05/17/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Amarillo Creek, LLC and Desert Cedars, LLC	05/24/05 (Pinal) No. 2005-060421
31.	07/21/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Anderson and Barnes 580 LLP	02/14/06 (Pinal) No. 2006-022193
32.	07/11/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Anderson & Val Vista 6, LLC	02/14/06 (Pinal) No. 2006-022198
33.	12/19/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Brian Blevins and Jessica Blevins	02/14/06 (Pinal) No. 2006-022201
34.	12/01/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Bruce and Karen, LLC	02/14/06 (Pinal) No. 2006-022185
35.	10/31/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Michael Nothum, Jr., Children's Irrevocable Trust I and Carol Kronwald Children's Irrevocable Trust I	02/14/06 (Pinal) No. 2006-022205

Tab #	Date:	Description:	Recording Info.:
36.	08/19/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Carranza Associates, LLC	02/14/06 (Pinal) No. 2006-022169
37.	12/01/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Casa Grande Montgomery 240 Limited Partnership LLLP	02/14/06 (Pinal) No. 2006-022177
38.	08/04/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and CCB Stanfield Estates, LLC	02/14/06 (Pinal) No. 2006-022207
39.	12/01/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and CG 215 Limited Partnership LLLP	02/14/06 (Pinal) No. 2006-022188
40.	12/01/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Chartwell 40, LLC	02/14/06 (Pinal) No. 2006-022184
41.	05/17/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and CHI Construction Company	05/24/05 (Pinal) No. 2005-060411
42.	10/20/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and CRW Holdings I, LLC	02/14/06 (Pinal) No. 2006-022203
43.	08/01/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Dart Properties, LLC	02/14/06 (Pinal) No. 2006-022197
44.	05/17/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Dennis M. Peed and Carolyn Peed	05/24/05 (Pinal) No. 2005-060409
45.	11/11/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Douglas Payne	02/14/06 (Pinal) No. 2006-022171
46.	12/06/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Gallup Financial, LLC	02/14/06 (Pinal) No. 2006-022194
47.	06/30/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and GKH Limited, L.P.; East PAC, LLC and Loren Huweiler	02/14/06 (Pinal) No. 2006-022196

Tab #	Date:	Description:	Recording Info.:
48.	12/07/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Gallup Financial, LLC	02/14/06 (Pinal) No. 2006-022192
49.	03/30/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and HAM Maricopa, LLC and HAM Queen Creek, LLC	08/18/05 (Pinal) No. 2005-106213
50.	03/30/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and HAM Maricopa, LLC	08/18/05 (Pinal) No. 2005-106216
51.	03/30/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and HAM Papago, LLC	08/18/05 (Pinal) No. 2005-106214
52.	03/30/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and HAM Queen Creek, LLC ; HAM Case Grande, LLC ; HAM-Mesa, LLC ; Abby Hannah Zeitlan Irrevocable Trust U/T/A Dated October 1, 1991 ; Harry Sebastian Zeitlan Irrevocable Trust U/T/A/ Dated October 1, 1991 ; Mayan Ariel Zeitlan Irrevocable Trust U/T/A Dated October 1, 1991	08/18/05 (Pinal) No. 2005-106215
53.	03/30/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and HAM-Mesa, LLC	08/18/05 (Pinal) No. 2005-106217
54.	07/21/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Hampden and Chambers, LLC and Bevnorm Olice LLC	02/14/06 (Pinal) No. 2006-022190
55.	06/24/05	Infrastructure Coordination, Finance and Option Agreement between Global Water Resources, LLC and Hassayampa Ranch Ventures, LLC	07/21/05 (Maricopa) No. 2005-1021381
56.	09/21/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Henry McMillan and Alexander McMillan	02/14/06 (Pinal) No. 2006-022200
57.	03/30/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Hidden Valley II, LLC	05/24/05 (Pinal) No. 2005-060420
58.	03/30/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Hidden Valley I, LLC	05/24/05 (Pinal) No. 2005-060419

Tab #	Date:	Description:	Recording Info.:
59.	03/30/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Hondo 640, LLC	02/14/06 (Pinal) No. 2006-022170
60.	07/19/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and J.P. Holdings Limited Partnership	02/14/06 (Pinal) No. 2006-022191
61.	07/01/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and KEJE Group, LLC	02/14/06 (Pinal) No. 2005-022204
62.	05/17/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Langley Farms Investments, LLC	05/24/05 (Pinal) No. 2005-060417
63.	08/04/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Langley Stanfield Estates, LLC	02/14/06 (Pinal) No. 2006-022209
64.	08/25/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Langley Stanmar 160, LLC and Robinson Family Farms, LLC	02/14/06 (Pinal) No. 2006-022208
65.	05/17/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and MAL, LLC	05/24/05 (Pinal) No. 2005-060416
66.	05/17/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Miller & White 815, LLP	05/24/05 (Pinal) No. 2005-060413
67.	12/01/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Montgomery 156 Limited Partnership LLLP	02/14/06 (Pinal) No. 2006-022179
68.	05/17/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and NF 26 Land, LLC	05/24/05 (Pinal) No. 2005-060412
69.	12/01/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and NS 120 Limited Partnership	02/14/06 (Pinal) No. 2006-022175
70.	08/10/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Parker Estates, LLC	02/14/06 (Pinal) No. 2006-022206

Tab #	Date:	Description:	Recording Info.:
71.	05/17/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Pecan Woods, LLC	05/24/05 (Pinal) No. 2005-060414
72.	05/17/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Pinal 347, LLC	06/01/05 (Pinal) No. 2005-064326
73.	05/17/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and RAJACDEV Real Estate Partners, LLC	05/24/05 (Pinal) No. 2005-060415
74.	12/01/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Dana, LLC	02/14/06 (Pinal) No. 2006-022186
75.	08/10/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Rio Lobo, LLC	02/14/06 (Pinal) No. 2006-022174
76.	12/01/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Robin R. Yount, LTD	02/14/06 (Pinal) No. 2006-022189
77.	12/01/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and RRY Casa Grande 320 Limited Partnership LLLP	02/14/06 (Pinal) No. 2006-022180
78.	12/01/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and RRY Real Estate LLC	02/14/06 (Pinal) No. 2006-022182
79.	12/01/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Sacaton BL, LLC	02/14/06 (Pinal) No. 2006-022178
80.	07/19/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and SCR, LLC	02/14/06 (Pinal) No. 2006-022199
81.	05/17/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Stanfield Holdings, LLC	05/24/05 (Pinal) No. 2005-060418
82.	12/01/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and SVVM 80 Limited Partnership LLLC	02/14/06 (Pinal) No. 2006-022181
83.	09/07/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Teel 80, LLC	02/14/06 (Pinal) No. 2006-022195

Tab #	Date:	Description:	Recording Info.:
84.	11/11/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Terbus Investments, LLC	02/14/06 (Pinal) No. 2006-022172
85.	12/03/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Trading Post Road, LLC and DLW Associates, LP	02/14/06 (Pinal) No. 2006-022183
86.	05/17/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Trend Homes, Inc.	05/24/05 (Pinal) No. 2005-060408
87.	10/06/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Val Vista & Montgomery, LLC	02/14/06 (Pinal) No. 2006-022202
88.	05/17/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Vineyards, LLC	05/24/05 (Pinal) No. 2005-060410
89.	12/01/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and VV Monty LLC	02/14/06 (Pinal) No. 2006-022176
90.	10/06/05	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Williams Family Revocable Trust, UTA; Lora G. Williams Special Trust, UTA; Lora A. William Trust, UTA and Mark C. William Revocable Trust, UTA	02/14/06 (Pinal) No. 2006-022173
91.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and ABCDW, LLC; De Jong Arie H Family Trust Dated,; Millar Charles & Ide Daniel William and Milky Way Dairy, LLC	NONE
92.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Anderson Palmisano Farms	NONE
93.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Brian R. Stevenson	NONE
94.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Dana B. Byron and Jamie Maccallum	03/05/07 (Pinal) No. 2007-027767

Tab #	Date:	Description:	Recording Info.:
95.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Dana B. Byron and Maritza Tse	03/05/07 (Pinal) No. 2007-027768
96.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Cando Ranch, LLC	NONE
97.	06/07/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Chris Whitt	10/04/06 (Pinal) No. 2006-139523
98.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Hartman Ranch, LLC; Cole Maricopa 193, LLC and Philip McD Hartman and Shirley Ann Hartman, as Co-Trustees of the Philip McD and Shirley Ann Hartman Trust dated June 15, 2004	09/21/06 (Pinal) No. 2006-132119
99.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Dana B. Byron	09/21/06 (Pinal) No. 2006-132113
100.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Dana B. Byron	09/21/06 (Pinal) No. 2006-132114
101.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Dye Equities, LLC	09/21/06 (Pinal) No. 2006-132128
102.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Eagle Shadow South East, LLC	09/21/06 (Pinal) No. 2006-132115
103.	07/11/06	Infrastructure Coordination, Finance and Option Agreement between Global Water Resources, LLC and First American Title Insurance Company as trustee under Trust No. 8559	07/13/06 (Maricopa) No. 2006-0939366
104.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Hogenes Farms Limited Partnership	09/21/06 (Pinal) No. 2006-132111
105.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Ivett O. Aviles	09/21/06 (Pinal) No. 2006-132122

Tab #	Date:	Description:	Recording Info.:
106.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and J-Con Development, Inc.; Redwood Financial Ltd.; Profit Sharing Plan & Trust, dated January 1, 1998 and The Dale M. and Wanda S. Micetic Family Trust, dated 5-29-96	02/28/07 (Pinal) No. 2007-025647
107.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and K. Investment Enterprises, LLC	09/21/06 (Pinal) No. 2006-132112
108.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Kevin G. Norby, LLC	09/21/06 (Pinal) No. 2006-132127
109.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Kino Trails, LLC	09/21/06 (Pinal) No. 2006-132120
110.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and KSK Land Ventures, LLC	09/21/06 (Pinal) No. 2006-132117
111.	09/08/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Maracay Homes Arizona, I, LLC	NONE
112.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Maricopa 120, LLC	NONE
113.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Montemore Family Revocable Trust, dated August 31, 2005	02/07/07 (Pinal) No. 2007-016473
114.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and NF 26 Land, LLC	09/21/06 (Pinal) No. 2006-132118
115.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Nicholas J. Toronto; Colette Ann Toronto and NSB Investments, LLC	04/17/07 (Pinal) No. 2007-046079
116.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Quassey Holdings, LLC	09/21/06 (Pinal) No. 2006-132116

Tab #	Date:	Description:	Recording Info.:
117.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Ray Morrow	10/10/06 (Pinal) No. 2006-141209
118.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Redfield Financial Partners VII, LLC	02/13/07 (Pinal) No. 2007-018719
119.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Redfield Financial, Inc.	09/21/06 (Pinal) No. 2006-132123
120.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Redfield Ring, LLC	09/21/06 (Pinal) No. 2006-132124
121.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Redfield Financial Partners V, LLC	09/21/06 (Pinal) No. 2006-132129
122.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Rio Blanco, LLC	10/02/06 (Pinal) No. 2006-138242
123.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Rudolph Lee Echeverria and Helen Biehn Echeverria	09/21/06 (Pinal) No. 2006-132121
124.	07/10/06	Infrastructure Coordination, Finance and Option Agreement between Global Water Resources, LLC and Sierra Negra Ranch, LLC	07/13/06 (Maricopa) No. 2006-0939440
125.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and John E. Smith and Mary Lou Smith; the Smith Family Irrevocable Trust dated June 23, 1989 and the John and Mary Lou Smith Family Trust dated April 29, 2002	09/21/06 (Pinal) No. 2006-132125
126.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Southern Dunes Golf Club, Inc.	10/03/06 (Pinal) No. 2006-138949
127.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Sunset Mountain Development Group, LLC	10/04/06 (Pinal) No. 2006-139522

Tab #	Date:	Description:	Recording Info.:
128.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and TOTRR Corp. and Redwood Financial Ltd., Profit Sharing Plan and Trust Rollover dated December 31, 2003	10/02/06 (Pinal) No. 2006-138243
129.	07/21/06	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Walton Cactus Springs Limited Partnership	09/21/06 (Pinal) No. 2006-132126
130.	07/27/6	Infrastructure Coordination and Finance Agreement between Global Water Resources, LLC and Wildcat Capital Managers, Inc.	NONE

NOTE:

- There are a total of 7 ICFA's that have not been recorded. (Tabs, 91-93, 96, 111-112 & 130)
- There are 3 ICFA's that have been recorded in Maricopa County. (Tabs 55, 103 & 124)
- There are 119 ICFA's that have been recorded in Pinal County.
- Additionally, there is 1 folder (Tab 4) which contains only a site plan for the Homestead at Rancho El Dorado. This appears to be related to the following ICFA in Tab 5 and likely placed in its own folder by mistake.

WMG - 7

GLOBAL WATER RESOURCES, LLC
Summary of Infrastructure Coordination and Finance Agreements

Application Approved
Application Pending with ACC

* recordation pending
BC = Builders Certificates provided under separate schedule
* unexecuted by GWR
* Paid and finalized prior to GWR purchasing SC and PV

Builder/Owner	Development	Date Executed	Rec. Number	GW Contact Person	Contact from Landowner/Developer via	Units
From 2/2/04						
Various	Original 2/2/04	*	na	Cindy Liles	Telephone, Email and/or In-house meetings	3,068
Various	Rancho El Dorado	*	na	Cindy Liles	Telephone, Email and/or In-house meetings	728
Various	Acacia Crossings	BC	na	Cindy Liles	Telephone, Email and/or In-house meetings	891
Fulton Homes	Cobblestone Farms	BC	na	Cindy Liles	Telephone, Email and/or In-house meetings	1,938
Maracay	Villages at Rancho El Dorado	1/28/2004	2004-036883	Cindy Liles	Telephone, Email and/or In-house meetings	2,283
Meritage/Hacienda Homes	Rancho El Dorado Phase III	1/28/2004	2004-036882	Cindy Liles	Telephone, Email and/or In-house meetings	1,578
Rio Verde/Munich	Province	1/28/2004	2004-036880	Cindy Liles	Telephone, Email and/or In-house meetings	2,203
DR Horton	Homestead Villages	12/28/2004	2004-036884	Cindy Liles	Telephone, Email and/or In-house meetings	3,031
Various	Glennville	na	na	Cindy Liles	Telephone, Email and/or In-house meetings	84
Sunset Landing (multi-family)	Dunn Ranch	1/28/2004	2004-036885	Cindy Liles	Telephone, Email and/or In-house meetings	640
Performance Construction	El Rancho Santa Rosa	1/28/2004	2004-036886	Cindy Liles	Telephone, Email and/or In-house meetings	700
Newport Holdings, Inc.	Santa Rosa Springs	1/20/2003	2004-036881	Cindy Liles	Telephone, Email and/or In-house meetings	647
Various	Chandler Boys Ventures, LLC (small commercial)	na	na	Cindy Liles	Telephone, Email and/or In-house meetings	24
						17,815

From 2/2/04

Eastern Expansion						
Approved 10/1/04						
Neely	Rancho Mirage	7/1/2004	2004-069865	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,240
Commercial	Rancho Mirage	7/1/2004	2004-069869	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	110
Various	Sorrento-ph 1	7/1/2004	2004-069870	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,165
Various	Sorrento-ph2	7/23/2004	2004-069871	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	821
Various	Sorrento-ph3	7/23/2004	2004-069874	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	653
Various	Cook/El Dorado, LLC	7/23/2004	2004-069875	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	653
Cook/El Dorado, LLC	Little/El Dorado, LLC	7/23/2004	2004-069878	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	1,120
Paul Gore	Paul Gore	7/23/2004	2004-069880	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	840
Ray Christian	Eagle Mountain Shadows	7/15/2004	2004-069876	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	280
Western Pinal	Eagle Mountain Shadows	7/23/2004	2004-069877	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	322
Maricopa-Casa Grande Hwy 813	Kruze Farms	7/23/2004	2004-069879	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	1,477
W half of Sec 10 T5S R4E	Maricopa 240, LLC	7/21/2004	2004-069864	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,846
SWQ Sec 4 T5S R4E	Desert Sunrise, LLC	7/28/2004	2004-069873	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	1,680
SWQ and SEQ of NWQ	Santa Rosa Crossings	7/23/2004	2004-069872	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	1,120
Hallcraft Homes		7/2/2004	2004-069881	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	560
						350
						17,237

Eastern Expansion

Southwest Expansion						
Approved Jan, 2006						
MAI, LLC (Bill Lund)	residential Palomino Ranch	5/17/2005	2005-060416	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,100
Trend Homes, Inc.	commercial	5/17/2005	2005-060408	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	72
Amarillo Creek Unit 1	Westpac/Shea	5/17/2005	2005-060422	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,149
Amarillo Creek South, LLC and Desert Cedars, LLC	Sunset Canyon	5/17/2005	2005-060421	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	1,068
CHI Construction Company		5/17/2005	2005-060411	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	1,225
HAM Maricopa, L.L.C.		3/30/2005	2005-106216	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	148
HAM Papago, L.L.C.		3/30/2005	2005-106214	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	416
HAM-Mesa, L.L.C.		3/30/2005	2005-106217	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,361
Pecan Woods, LLC		5/17/2005	2005-060414	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	581
Terrazo/Miller & White 815, LLC	Westpac	5/17/2005	2005-060413	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,834
HAM Maricopa, L.L.C./HAM Queen Creek, LLC		3/30/2005	2005-106213	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	1,107

GLOBAL WATER RESOURCES, LLC
Summary of Infrastructure Coordination and Finance Agreements

* recordation pending
 BC = Builders Certificates provided under separate schedule
 * unexecuted by GWR
 * Paid and finalized prior to GWR purchasing SC and PV

Application Approved
Application Pending with ACC

Builder/Owner	Development	Date Executed	Rec. Number	GW Contact Person	Contact from Landowner/Developer via	Units
Palo Verde/Santa Cruz						
HAMS and Trusts		3/30/2005	2005-106215	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	4,145
Hidden Valley Ranch 1, LLC		3/30/2005	2005-060419	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	4,074
Hidden Valley Ranch 2, LLC		3/30/2005	2005-060420	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	1,120
Dennis & Carolyn Peed		5/17/2005	2005-060409	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	539
NF 26 Land, LLC / Maricopa Opus		5/17/2005	2005-060412	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	725
Vineyards, LLC		5/17/2005	2005-060410	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	1,120
RAJAC Dev Real Estate Partners, LLC		5/17/2005	2005-060415	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	560
Stanfield Holdings, LLC		5/17/2005	2005-060418	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	1,036
Langley Farms		5/17/2005	2005-060417	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	280
Pinal 347		5/17/2005	2005-064326	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	1,082
						28,741

Southwest Expansion

387 Districts North	Submitted 7/1/05					
Lennar Communities	Alterra & Desert Cedars Phase 1	7/16/2005	2005-090252	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	Balance
Dietz-Crane & Pulte Home	Sanita Unit 2 (Maricopa Groves)	7/15/2005	2005-099210	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	878
KB Homes	Smith Farms North (Desert Passage)	7/15/2005	2005-090248	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	705
Omega/Murphy Land	Tortosa S	7/15/2005	2005-124524	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,236
Red Valley	Southeast of Tortosa	7/15/2005	2005-106212	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	560
McDavid Office Park	North of Maricopa Meadows	7/15/2005	2005-099211	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	192
Vistoso	Connolly Wolfswinkle	7/15/2005	2005-090250	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	7,585
						8,463

387 Districts North

Southwest Expansion	Submitted 12/29/05					
Langley Properties (Talia West)		12/28/2005	2006-022209	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	1,509
Langley Stanfield Estates (Hay Hollow)			*	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	1,544
Langley Properties (south part of JV with Wolfswinkle)			*	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,951
Langley Properties (Stanmar 160)		12/28/2005	2006-022208	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	560
Langley Properties (CCB Standfield Estates)		12/28/2005	2006-022207	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	336
Carranza Associates / Turner Dunn		12/28/2005	2006-022169	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	280
Stanfield Estates / Turner Dunn		12/28/2005	2006-022196	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	334
Dart Property / Terry Button		12/28/2005	2006-022197	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,170
Santa Cruz Land Co / Santa Cruz Ranch / Anderson Val Vista 6		12/28/2005	2006-022198	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	4,157
SCR, LLC / Scott Cole & Bryan Hartman		12/28/2005	2006-022199	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,359
El Dorado: Big Trail, LLC / Dunmar Farms / B Bennett			*	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,240
El Dorado: Lonely Trail 780			*	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,730
El Dorado: Parker Estates		12/28/2005	2006-022206	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,240
El Dorado: Hondo 640		12/28/2005	2006-022170	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,240
El Dorado: Rio Lobo, LLC		12/28/2005	2006-022174	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,240
JP Holdings LP / Solana Ranch North		12/28/2005	2006-022191	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,335
Anderson & Barnes 580 LLP / Solana Ranch South		12/28/2005	2006-022187	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,030
120 Townsend (Yount)		12/28/2005	2006-022193	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	700
NS120 (Yount)		12/28/2005	2006-022175	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	420
Montgomery 156 (Yount)		12/28/2005	2006-022179	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	546

GLOBAL WATER RESOURCES, LLC
Summary of Infrastructure Coordination and Finance Agreements

* recordation pending
 BC = Builders Certificates provided under separate schedule
 * unexecuted by GWR
 * Paid and finalized prior to GWR purchasing SC and PV

Application Approved
 Application Pending with ACC

Builder/Owner	Development	Date Executed	Rec. Number	GW Contact Person	Contact from Landowner/Developer via	Units
Palo Verde/Santa Cruz		12/28/2005	2006-022188	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	753
CG 215 (Yount)		12/28/2005	2006-022177	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	840
Casa Grande Montgomery 240 (Yount)		12/28/2005	2006-022180	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	1,120
RRY Casa Grande 320 (Yount)		12/28/2005	2006-022181	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	280
SVVM 80 (Yount)		12/28/2005	2006-022176	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	210
VV Monty (Yount)		12/28/2005	2006-022182	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	140
RRY Real Estate (Yount)		12/28/2005	2006-022189	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	140
Robin R Yount LTD (Yount)		12/28/2005	2006-022186	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	140
Richard and Dana (Yount)		12/28/2005	2006-022185	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	980
Bruce and Karen (Yount)		12/28/2005	2006-022178	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	140
Sacaton BL (Yount)		12/28/2005	2006-022183	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	140
Trading Post Road LLC (Yount)		12/28/2005	2006-022184	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	210
Chantwell Casa Grande (Yount)		12/28/2005	2006-022184	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	140
Polich - Non Pulte		12/28/2005	2006-022194	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	4,256
Polich - Pulte		12/28/2005	2006-022192	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	5,194
ROB-LIN Marketing (Vistoso)		*	*	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	4,298
Vistoso Partners / Jorde Hacienda		*	*	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	10,920
ABCDW, LLC (Vistoso Stanfield 1942)		*	*	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	6,797
Vanderbilt Farms, LLC (Thude/Vistoso)		12/28/2005	2006-022203	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	6,720
CRW Holdings, LLC (Mark Williams)		12/28/2005	2006-022202	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	105
Val Vista & Montgomery (Mark Williams)		12/28/2005	2006-022173	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	140
Williams Trusts (Mark Williams)		12/28/2005	2006-022201	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	560
Blevins		12/28/2005	2006-022172	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	140
Terbus Investments		12/28/2005	2006-022171	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	280
Douglas Payne		12/28/2005	2006-022171	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	287
Kronwald Family Trust		12/28/2005	2006-022205	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	4,200
Teel 80		12/28/2005	2006-022195	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	280
Matt Montgomery/SPD, INC		12/28/2005	2006-022204	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,825
Ken Lowman		12/28/2005	2006-022190	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	88
Tim Nyberg / Hampden and Chambers		12/28/2005	2006-022200	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	
Henry McMillan and Alexander McMillan		12/28/2005		Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	
Southeast Expansion						
86,944						

Southeast Expansion						
Submitted 8/29/2006						
N/NW/2nd SW Expansion		7/21/2006	2007-068432	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	7,301
Art D'Jong / Vistoso		7/21/2006	2007-068435	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	560
Lisa Melancon		7/21/2006	2006-138949	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	285
Souther Dunes		7/21/2006	2006-132111	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,667
Hogenes Dairy		7/21/2006	2006-138243	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	53
TOTTR (JCON)		7/21/2006	2007-068438	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	117
Redfield						

GLOBAL WATER RESOURCES, LLC
Summary of Infrastructure Coordination and Finance Agreements

Application Approved
Application Pending with ACC

* recordation pending
 BC = Builders Certificates provided under separate schedule
 * unexecuted by GWR
 * Paid and finalized prior to GWR purchasing SC and PV

Builder/Owner	Development	Date Executed	Rec. Number	GW Contact Person	Contact from Landowner/Developer via	Units
Hartman Ranch						
Palo Verde/Santa Cruz	Sunset Mountain Dev. Group	7/21/2006	2006-139522	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	1,260
Maracay Homes		7/21/2006	2007-068437	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	1,141
Kelly Anderson		7/21/2006	2007-068433	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,240
Eagle Shadow		7/21/2006	2006-132115	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	1,323
Trent Rustan		7/21/2006	2006-132119	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,240
Smith Farms		7/21/2006	2006-132125	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	1,190
HBE Farms		7/21/2006	2006-132121	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	1,120
Chris Whitt		7/21/2006	2006-139523	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	70
Brian Stevenson		7/21/2006	2007-068436	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	88
KSK Land Ventures (Geddes)		7/21/2006	2006-132117	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	280
Nicholas Toronto		7/21/2006	2006-132116	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	140
Quassey Holdings		7/21/2006	2006-132122	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	280
Ivett Aviles		7/21/2006	2006-132114	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	32
Dana Byron		7/21/2006	2006-132113	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	25
Byron/Tse		7/21/2006	2006-132113	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	18
Dana Byron		7/21/2006	2006-132126	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	30
Byron/Macclum		7/21/2006	2006-132120	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	32
Walton Cactus Springs		7/21/2006	2006-132120	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	1,120
Beauchene LP (Ray Christian)		7/21/2006	2006-132129	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	18
Gene Montmore		7/21/2006	2006-138242	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	140
Redfield Financial Partners V		7/21/2006	2007-068434	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	970
Rio Blanco		7/21/2006	2006-141209	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	140
Redfield Financial		7/21/2006	2006-132112	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	266
Cando Ranch		7/21/2006	2006-132124	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	56
Ray Morrow		7/21/2006	2006-132123	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	420
K Investment Enterprises		7/21/2006	2006-132127	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	140
Redfield Ring		7/21/2006	2006-132118	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	280
Redfield Financial		7/21/2006	2006-132128	Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	420
Maricopa 120		7/21/2006		Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	18
Kevin Norby		7/21/2006		Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	648
NF 26 Land		7/21/2006		Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	2,240
DYE Equities		7/21/2006		Cindy Liles and/or Jennie Critchfield	Telephone, Email and/or In-house meetings	
N/NW/2nd SW Expansion						29,507
Picacho Cove Area						
Picacho Citrus 930, LLC		1/20/2006	*	Cindy Liles	Telephone, Email and/or In-house meetings	7,301
Langley Picacho Views		10/16/2006	*	Cindy Liles	Telephone, Email and/or In-house meetings	560
Picacho Cove Area						7,861
Legends						
Legends		12/30/2006	*	Cindy Liles	Telephone, Email and/or In-house meetings	25,000
Legends						25,000
West Valley Region						
Copperleaf		7/11/2006	20060939366	Cindy Liles	Telephone, Email and/or In-house meetings	3,750
Sierra Negra		7/10/2006	20060939440	Cindy Liles	Telephone, Email and/or In-house meetings	8,622
Hassayampa Ranch		6/24/2005	2005-1021381	Cindy Liles	Telephone, Email and/or In-house meetings	6,000
West Valley Region						18,372

WMG - 8

Arizona Corporation Commission
BEFORE THE ARIZONA CORPORATION COMMISSION
DOCKETED

CARL J. KUNASEK
CHAIRMAN
JIM IRVIN
COMMISSIONER
WILLIAM A. MUNDELL
COMMISSIONER

SEP 17 1999

DOCKETED BY

sd

IN THE MATTER OF THE APPLICATION OF
PALO VERDE UTILITIES COMPANY FOR A
CERTIFICATE OF CONVENIENCE AND
NECESSITY AND FOR APPROVAL TO ISSUE
COMMON STOCK.

DOCKET NO. SW-03575A-98-0327

IN THE MATTER OF THE APPLICATION OF
SANTA CRUZ WATER COMPANY FOR A
CERTIFICATE OF CONVENIENCE AND
NECESSITY AND FOR APPROVAL TO ISSUE
COMMON STOCK.

DOCKET NO. W-03576A-98-0328

DECISION NO. 61943

OPINION AND ORDER

DATE OF HEARING: April 28, 1999

PLACE OF HEARING: Phoenix, Arizona

PRESIDING OFFICER: Marc E. Stern

APPEARANCES: FENNEMORE CRAIG, by Mr. Jay L. Shapiro, on behalf of
Applicants, Palo Verde Utilities Company and Santa Cruz
Water Company; and

Mr. Peter A. Breen, Staff Attorney, Legal Division, on behalf of
the Utilities Division of the Arizona Corporation Commission.

BY THE COMMISSION:

On June 22, 1998, Palo Verde Utilities Company ("PVU") and Santa Cruz Water Company
("SCW")¹ each filed with the Arizona Corporation Commission ("Commission") an application for a
Certificate of Convenience and Necessity ("Certificate") to provide public wastewater treatment and
water service, respectively, and for approval to issue common stock.

On February 26, 1999, the Commission's Utilities Division ("Staff") filed a Motion to
Consolidate ("Motion") the above-captioned matters for purposes of hearing.

On March 4, 1999, by Procedural Order, PVU's and SCW's applications were consolidated
for purposes of hearing. Further, Applicants were ordered to provide notice of the applications and

¹ Hereinafter, PVU and SCW referred to as Applicants.

1 hearing thereon.

2 On April 7, 1999, Staff filed its Staff Report recommending approval of the applications to
3 the Certificates herein after a hearing.²

4 On April 28, 1999, a full public hearing took place before a duly authorized Hearing Officer
5 of the Commission at its offices in Phoenix, Arizona. Applicants and Staff appeared with counsel.
6 At the conclusion of the proceeding, the matters were taken under advisement pending submission of
7 a Recommended Opinion and Order to the Commission.

8 * * * * *

9 Having considered the entire record herein and being fully advised in the premises, the
10 Commission finds, concludes, and orders that:

11 **FINDINGS OF FACT**

12 1. On January 22, 1998, PVU and SCW filed applications for Certificates authorizing
13 them to construct, operate, and maintain facilities to provide wastewater treatment and water service
14 to the public in an area of approximately 1,640 acres in an unincorporated area of Pinal Cou
15 Arizona which is more fully described in Exhibit A, attached hereto and incorporated by reference.³

16 2. PVU and SCW are Arizona corporations that were incorporated by Mr. Michael
17 Reinbold who is a principal in Pecan Valley Investments L.L.C. ("Pecan"), a limited liability
18 company, that will be the sole owner of the stock of the two Applicants.

19 3. Mr. Reinbold is also a principal in another corporation, RHS Properties, Inc., which
20 together with El Dorado Holdings, Inc. is involved in a joint venture to develop the area described in
21 Exhibit A as a master planned 6,000 unit subdivision known as Rancho El Dorado ("Rancho").

22 4. Rancho's developers are also planning to develop a commercial village center and an
23 18-hole championship golf course with a 25 acre lake. Several schools will also be built in the area
24 sought to be certificated.

25 5. Applicants are projecting customer growth of 242 customers in their first year of
26

27 ² Although Staff inadvertently neglected to include in its recommendations in the Staff Report
approval of the financing applications, Staff recommended their approval at the hearing.

28 ³ The area described in Exhibit A is located near the community of Maricopa and is located minutes from
Interstate 10 and Chandler, Arizona.

1 operations and adding 242 customers per year thereafter. Applicants project there will be
2 approximately 1,210 residential customers by the fifth year of operations.

3 6. There are no other public or municipal wastewater treatment or water utilities in or
4 near the area sought to be certificated herein that can provide the required services to the area
5 described in Exhibit A.

6 7. Rancho's developers have secured the necessary zoning permits for construction in the
7 area described in Exhibit A.

8 8. PVU and SCW have obtained their required franchises from the Pinal County Board
9 of Supervisors which will permit them to construct their facilities within the public rights-of-way.

10 9. The proposed certificated area is located within the Pinal County Active Management
11 Area. Mr. Reinbold testified that there are approximately five wells located within the area described
12 in Exhibit A and that hydrology studies have revealed that SCW will have adequate water to supply
13 its customers.

14 10. Although Applicants have no direct experience owning and operating public water and
15 wastewater facilities, Mr. Reinbold has previously been involved in the development of their
16 infrastructure and has been engaged in discussions with Aqua Source, a California-based company,
17 with experience in the operation of public utilities, to provide for their day to day management.

18 11. Although Rancho's development will take place in five phases, Mr. Reinbold
19 envisions a million gallon reservoir being constructed for each of the first two phases of development
20 for the water utility and 300,000 gallons per day of sewage treatment capacity for the first phase and
21 450,000 gallons per day of added sewage treatment capacity by the end of the second phase of
22 development.

23 12. As the joint venture partners develop Rancho, large parcels of land will be sold off to
24 between five and seven major home building companies that will actually build the homes within the
25 development.

26 13. PVU and SCW have secured the services of a certified operator approved by the
27 Arizona Department of Environmental Quality ("ADEQ") who will be responsible for operating both
28 the wastewater treatment and water facilities.

1 14. Neither PVU nor SCW have secured a Certificate of Approval to Construct ("CA")
 2 from ADEQ for either system. SCW has not secured a Certificate of Assured Water Supply
 3 ("CAWS") issued by the Arizona Department of Water Resources ("ADWR") to any home builders
 4 or developers that are ready to proceed with construction.

5 15. While the construction plans and cost figures for both the wastewater treatment system
 6 and the water utility appear to be reasonable and appropriate, there is no evidence with respect to
 7 whether the proposed plant in service will be "used and useful" and such determination will have to
 8 be made during a future rate proceeding.

9 16. The initial rates and charges for SCW's and PVU's water and wastewater treatment
 10 services, respectively, as recommended by Staff and as proposed by Applicants are as follows:

11 WATER RATES

	Proposed Rates	
	<u>SCW</u>	<u>Staff</u>
<u>MONTHLY USAGE CHARGE:</u>		
14 5/8" x 3/4" Meter	\$25.00	\$16.50
15 3/4" Meter	25.00	24.75
16 1" Meter	62.50	41.25
1 1/2" Meter	125.00	82.50
17 2" Meter	200.00	132.00
18 3" Meter	400.00	247.50
4" Meter	625.00	412.50
19 6" Meter	1,250.00	825.00
20 Gallons included in minimum	1,000	0
21 Gallonage Charge per 1,000 Gallons	\$2.60	\$2.80
22 Construction and standpipe charge	\$3.60	\$2.80
23 ...		
24 ...		
25 ...		
26 ...		
27 ...		
28 ...		

PAYMENT IN LIEU OF REVENUE CHARGE TO BUILDERS AND DEVELOPERS:⁴

5/8" x 3/4" Meter	\$1,694.00	\$0
3/4" Meter	1,694.00	0
1" Meter	4,235.00	0
1 1/2" Meter	8,471.00	0
2" Meter	13,553.00	0
3" Meter	27,106.00	0
4" Meter	42,353.00	0
6" Meter	84,705.00	0

SERVICE LINE AND METER INSTALLATION CHARGES:

(Refundable pursuant to A.A.C. R14-2-405)

5/8" x 3/4" Meter	\$400.00	\$370.00
3/4" Meter	440.00	415.00
1" Meter	500.00	480.00
1 1/2" Meter	715.00	700.00
2" Meter Turbo	1,170.00	N/A
2" Meter Compound	1,700.00	\$1,760.00
3" Meter Turbo	1,585.00	N/A
3" Meter Compound	2,190.00	\$2,300.00
4" Meter Turbo	2,540.00	N/A
4" Meter Compound	3,215.00	\$3,325.00
6" Meter Turbo	4,815.00	N/A
6" Meter Compound	6,270.00	\$6,430.00

SERVICE CHARGE:

Establishment	\$25.00	\$25.00
Establishment (After Hours)	50.00	45.00
Reestablishment (Within 12 Months)	*	*
Reconnection (Delinquent)	\$30.00	\$25.00
Meter Move at Customer Request	**	**
After Hours Service Charge, per Hour	\$50.00	N/A
Deposit	***	***
Meter Re-Read (If Correct)	\$15.00	\$15.00
NSF Check	10.00	15.00
Late Payment Charge (Per month)	1.50%	1.50%
Deferred Payment (Per month)	1.50%	1.50%

* Number of months off system times the monthly minimum per A.A.C. R14-2-403(D).

⁴ The record established that Applicants are proposing a tariff for the imposition of a Payment in Lieu of Revenue ("Pilor") Charge on builders and developers as their lots are sold to buyers in order to pay operating expenses to keep the customers' wastewater treatment and water rates lower than should be charged. Additionally, funds from these charges will be added to subsequent equity investments to pay for the remaining four phases of construction.

** Cost which includes parts, labor, overhead and all applicable taxes.

*** Per A.A.C. R14-2-403(B).

WASTEWATER TREATMENT RATES

	Proposed Rates	
	<u>PVU</u>	<u>Staff</u>
<u>MONTHLY USAGE CHARGE:</u>		
5/8" x 3/4" Meter	\$33.00	\$39.00
3/4" Meter	33.00	58.50
1" Meter	82.50	97.50
1 1/2" Meter	165.00	195.00
2" Meter	264.00	312.00
3" Meter	528.00	585.00
4" Meter	825.00	975.00
6" Meter	1,650.00	1,950.00

EFFLUENT CHARGE:

Per Acre Foot	\$100.00	N/A
---------------	----------	-----

PAYMENT IN LIEU OF REVENUE CHARGE TO BUILDERS AND DEVELOPERS:

5/8" x 3/4" Meter	\$2,509.00	
3/4" Meter	2,509.00	0
1" Meter	6,272.00	0
1 1/2" Meter	12,544.00	0
2" Meter	20,070.00	0
3" Meter	40,139.00	0
4" Meter	62,718.00	0
6" Meter	125,435.00	0

SERVICE CHARGE:

Establishment	\$25.00	\$25.00
Reestablishment (Within 12 Months)	*	*
Reconnection (Delinquent)	\$30.00	\$30.00
After Hours Service Charge, (Per Hour)	50.00	50.00
Deposit	**	**
NSF Check	\$10.00	\$10.00
Late Payment Charge (Per month)	1.50%	1.50%
Deferred Payment (Per month)	1.50%	1.50%

* Number of months off system times the monthly minimum per A.A.C. R14-2-603(F)

** Per A.A.C. R14-2-603(B).

17. The record established that Applicants are proposing that the funds collected from the

1 Pilor charges be treated for accounting purposes as revenues, and permit Applicants to, in effect,
2 build their future rate base indirectly with monies paid by the customers of the builders and
3 developers instead of with investor funds or by means of refundable advances pursuant to the terms
4 of main extension agreements with the builders and developers.

5 18. PVU's and SCW's Pilor charges were initially to be paid to Applicants upon the sale
6 of each improved parcel or so called "super pad" to the major builders and developers. However,
7 during the proceeding, Applicants indicated that it would be acceptable to them if these fees are paid
8 on a per lot basis as each lot is resold by the builders to the future customers of PVU and SCW.

9 19. In this case, Staff recommends that the Commission not approve the use of the
10 proposed Pilor charges primarily because Applicants' utility plants would be constructed largely with
11 the contributed funds of the builders and developers and not by investor funds, debt or refundable
12 main extension agreements as is normally the case.

13 20. Staff further recommends that the proposed Pilor fees should be rejected by the
14 Commission because they would be inequitable to PVU's and SCW's customers because the funds
15 would be collected by the homebuilders from the lot buyers and paid to Applicants to fund plant
16 construction and pay operating expenses. Subsequently, as utility plant is constructed with customer
17 funds, in future rate cases the customers will be required to pay in rates a return on utility plant that
18 their own funds have already paid for.

19 21. Staff did not dispute that without the Pilor charges proposed by Applicants that PVU
20 and SCW could possibly suffer a loss of approximately 1.4 million dollars after five years of
21 operations based on Staff's proposed rates and Applicants' projections.

22 22. PVU and SCW have five possible solutions to offset hypothetical losses as follows:
23 first, PVU and SCW can be subsidized; second, Applicants may issue debt; third, Applicants may
24 apply for rate relief in order to provide more revenues to offset projected expenses; fourth, PVU and
25 SCW could utilize Commission approved refundable main extension agreements; and fifth,
26 Applicants may use a mixture of all of the preceding solutions, but Applicants did not give any
27 indication that they are willing to do so.

28 23. Staff is also recommending that PVU and SCW include in their tariffs provisions for

1 the collection of any privilege, sales, or use tax with respect to their operations of the sewer and w
 2 utility systems, in accordance with A.A.C. R14-2-409(D)(5) and A.A.C. R14-2-608(D)(5),
 3 respectively.

4 24. PVU's and SCW's financing applications seek the Commission's authorization for
 5 financing approval for the issuance of \$2,896,301 in equity for PVU and \$3,657,676 in equity for
 6 SCW. The proceeds of these stock issuances will be used to fund the construction of the first phase
 7 of the wastewater and water plants and to establish working capital.

8 25. It was then planned that monies from the Pilor fees along with additional equity
 9 investments by Applicants' owner would then be used to help fund plant construction during the four
 10 remaining phases planned for the development of Rancho.

11 26. According to Mr. Reinbold, if the Commission approves PVU's and SCW's proposed
 12 rates and charges along with the proposed Pilor charges for the utilities, Applicants would be willing
 13 to post appropriate performance bonds reflective of their expenses.

14 27. Staff recommends that the Commission authorize PVU to issue up to \$2,896,30
 15 equity and that SCW be authorized to issue up to \$3,657,676 in equity as requested in their
 16 applications for financing approval.

17 28. Although Staff's revenue projections are inconsistent utilizing Staff's rates, Staff
 18 believes that Applicants will see a positive cash flow possibly by the their third year of operations.
 19 However, Staff believes that Rancho's developers have the necessary funds to invest in Applicants
 20 should the need for subsidization arise.

21 29. Staff has recommended the conditional approval of PVU's and SCW's applications for
 22 Certificates as follows:

- 23 • adopt Staff's recommended rates and charges and order that PVU and SCW
 24 file tariffs consistent with same without any Pilor charges;
- 25 • order that SCW file, within 365 days of the effective date of this Decision, a
 26 copy of the developer's CAWS issued by ADWR for the first phase of
 development;
- 27 • order that PVU and SCW file, within 365 days of the effective date of
 28 Decision, copies of their CACs for their wastewater treatment and w
 facilities issued by ADEQ for the first phase of development;

- order that PVU and SCW be authorized to issue up to \$2,896,301 and \$3,657,676, respectively, in equity in order to fund the first phase of development of Rancho;
- order that the conditional certificates approved for PVU and SCW, respectively, be null and void if Applicants fail to meet the filing requirements for the requisite CAWs and CACs within 365 days of the effective date of this Decision;
- order that the Pilor tariffs filed by PVU and SCW be denied;
- order that PVU and SCW maintain their books and records in accordance with the NARUC Uniform System of Accounts;
- order that PVU and SCW notify the Director of the Commission's Utilities Division within 30 days from the date that they first provide service to any customer; and
- order that PVU and SCW file for rate review within 36 months from the date that they provide service to their first customers.

30. In large part under the circumstances herein, we believe that Staff's recommendations with respect to the applications for Certificates and financing approvals for Applicants should be approved. However, because of the disparities in the evidence with respect to projected revenues and expenses and because we find that the Pilor tariffs should not be approved due to their inherent inequities to PVU's and SCW's customers, we shall authorize those rates and charges proposed by Applicants together with authorization that PVU and SCW may issue up to an additional \$1,214,200 and \$847,000 in equity, respectively, to offset possible shortfalls in their revenue projections needed to fund plant constructions costs⁵ if Applicants do not enter into any main extension agreements with builders and developers or use other more conventional means of financing, such as debt.

31. Additionally, we believe that since the record reveals these are "start up" utilities and that since neither the Applicants nor Mr. Reinbold have any prior experience in successfully operating a public utility, performance bonds in the amount of \$118,000 for PVU and \$82,000 for SCW should ensure that Applicants will be able to continue operations for a reasonable period without additional financial support, if necessary.⁶

⁵ These additional equity investments represent up to 2 years in projected Pilor fees for PVU and SCW, respectively.

⁶ These sums represent approximately 1/3 of Applicants' projected second year operating expenses for the respective utilities less depreciation expense.

32. Lastly, because we are concerned with projected operational funding disparities described by Applicants even with the utilization of their proposed rates and charges, we shall order that Applicants file for rate review not later than 24 months after they first provide service to any customer.

CONCLUSIONS OF LAW

6 1. Upon beginning operations, PVU and SCW will be public service corporations within
7 the meaning of Article XV of the Arizona Constitution and A.R.S. §§ 40-281, 40-282, 40-301 and
8 40-302.

9 2. The Commission has jurisdiction over PVU and SCW and the subject matter of the
10 applications.

11 3. Notice of the applications and hearing thereon was given in accordance with the law.

12 4. Applicants are fit and proper entities to receive Certificates authorizing them to
13 construct, operate, and maintain facilities to furnish wastewater treatment and water service to the
14 public in the area described in Exhibit A.

15 5. The public convenience and necessity require the issuance of Certificates to
16 Applicants authorizing them to provide wastewater treatment and water service to the public in the
17 area sought to be certificated herein.

18 6. Staff's recommendations, as set forth in Finding of Fact No. 29 should be adopted
19 except as modified hereinafter.

20 7. The rates and charges authorized hereinafter are just and reasonable.

21 8. Applicants' proposed Pilon tariffs should be denied.

22 9. PVU and SCW should file for rate review within 24 months from the date they first
23 provide wastewater treatment and water service to their first customer.

24 10. PVU's and SCW's applications for financing approval should be approved as ordered
25 below.

26 11. The financings approved herein are for lawful purposes within Applicants' corporate
27 powers, are compatible with the public interest, with sound financial practices, and with the pr
28 performance by PVU and SCW of service as public service corporations, and will not impair PVU's

1 and SCW's ability to perform that service.

2 12. The financings approved herein are for the construction of the wastewater treatment
3 and water utility systems and are reasonably necessary for those purposes and such purposes are not,
4 wholly or in part, reasonably chargeable to operating expenses or to income.

5 13. Performance bonds in the amounts of \$118,000 for PVU and \$82,000 for SCW, are
6 reasonably necessary to protect the interest of PVU's and SCW's prospective customers.

7 **ORDER**

8 IT IS THEREFORE ORDERED that the applications of Palo Verde Utilities Company and
9 Santa Cruz Water Company for Certificates of Convenience and Necessity authorizing them to
10 construct, maintain and operate facilities in order to provide wastewater treatment and water service,
11 respectively, to the public in the area more fully described in Exhibit A be, and are hereby, granted;
12 provided that, within one year of the effective date of this Decision, Santa Cruz Water Company files
13 copy of the requisite Certificate of an Assured Water Supply and Applicants file copies of the
14 Certificates of Approval to Construct for both the wastewater treatment and water service facilities
15 for their first phase of development.

16 IT IS FURTHER ORDERED that the approval of the applications of Palo Verde Utilities
17 Company and Santa Cruz Water Company for Certificates of Convenience and Necessity shall be
18 expressly contingent upon Applicants posting, at least fifteen days before they first provide service to
19 any customer, a form of performance bond in the amount of \$118,000 dollars and \$82,000,
20 respectively, (cash deposit, surety bond, or similar alternative, i.e., certificate of deposit) with the
21 Commission to insure that Palo Verde Utilities Company and Santa Cruz Water Company shall meet
22 their obligations arising under their Certificates; that in the event Applicants choose to make cash
23 deposits, said amounts shall be deposited with a federally insured financial institution and bear
24 interest at a commercially acceptable rate; and that the performance bonds shall be maintained until
25 Palo Verde Utilities Company and Santa Cruz Water Company achieve viable operations, are sold to
26 another utility company, are adjudicated not to be a public service company, or ten years have passed,
27 which ever is sooner, at which time the bonds will be returned to Applicants upon their applications
28 for same.

1 IT IS FURTHER ORDERED that in the event that Palo Verde Utilities Company and S?
 2 Cruz Water Company do not timely file copies of the documentation ordered in the first ordering
 3 paragraph or file performance bonds or their equivalents as required by the second ordering
 4 paragraph, then the Certificates of Convenience and Necessity for the area described in Exhibit A
 5 shall be deemed to be denied, without further order by the Arizona Corporation Commission.

6 IT IS FURTHER ORDERED that Palo Verde Utilities Company and Santa Cruz Water
 7 Company, respectively shall file tariffs containing the following rates and charges for their
 8 wastewater treatment and water service:

9 SANTA CRUZ WATER COMPANY RATES

10 MONTHLY USAGE CHARGE:

11	5/8" x 3/4" Meter	\$25.00
12	3/4" Meter	25.00
13	1" Meter	62.50
14	1 1/2" Meter	125.00
15	2" Meter	200.00
16	3" Meter	400.00
17	4" Meter	625.00
18	6" Meter	1,250.00
19	Gallons included in minimum	1,000
20	Gallonage Charge per 1,000 Gallons	\$2.60
21	Construction and standpipe charge	\$3.60

22 SERVICE LINE AND METER INSTALLATION CHARGES:

23 (Refundable pursuant to A.A.C. R14-2-405)

24	5/8" x 3/4" Meter	\$400.00
25	3/4" Meter	440.00
26	1" Meter	500.00
27	1 1/2" Meter	715.00
28	2" Meter Turbo	1,170.00
	2" Meter Compound	1,700.00
	3" Meter Turbo	1,585.00
	3" Meter Compound	2,190.00
	4" Meter Turbo	2,540.00
	4" Meter Compound	3,215.00
	6" Meter Turbo	4,815.00
	6" Meter Compound	6,270.00

SERVICE CHARGE:

Establishment	\$25.00
Establishment (After Hours)	50.00
Reestablishmen. (Within 12 Months)	*
Reconnection (Delinquent)	\$30.00
Meter Move at Customer Request	**
After Hours Service Charge, per Hour	\$50.00
Deposit	***
Meter Re-Read (If Correct)	\$15.00
NSF Check	10.00
Late Payment Charge (Per month)	1.50%
Deferred Payment (Per month)	1.50%

* Number of months off system times the monthly minimum per A.A.C. R14-2-403(D).

** Cost to include parts, labor, overhead and all applicable taxes.

*** Per A.A.C. R14-2-403(B).

PALO VERDE UTILITIES COMPANY SEWER RATESMONTHLY USAGE CHARGE:

5/8" x 3/4" Meter	\$33.00
3/4" Meter	33.00
1" Meter	82.50
1 1/2" Meter	165.00
2" Meter	264.00
3" Meter	528.00
4" Meter	825.00
6" Meter	1,650.00

EFFLUENT CHARGE:

Per Acre Foot	\$100.00
---------------	----------

SERVICE CHARGE:

Establishment	\$25.00
Reestablishment (Within 12 Months)	*
Reconnection (Delinquent)	\$30.00
After Hours Service Charge, (Per Hour)	50.00
Deposit	**
NSF Check	\$10.00
Late Payment Charge (Per month)	1.50%
Deferred Payment (Per month)	1.50%

1 * Number of months off system times the monthly minimum per A.A.C. R14-2-603(F)
2 ** Per A.A.C. R14-2-603(B).

3 IT IS FURTHER ORDERED that the rates and charges authorized herein shall be effective
4 for all service rendered until otherwise ordered by the Arizona Corporation Commission.

5 IT IS FURTHER ORDERED that the request for approval of a Payment in Lieu of Revenue
6 Charge by Palo Verde Utilities Company and Santa Cruz Water Company be, and are hereby, denied.

7 IT IS FURTHER ORDERED that Palo Verde Utilities Company and Santa Cruz Water
8 Company shall notify the Director of the Commission's Utilities Division within 30 days of
9 providing service to their first customer.

10 IT IS FURTHER ORDERED that Palo Verde Utilities Company and Santa Cruz Water
11 Company shall file a schedule with their tariffs for the collections of their proportionate share of any
12 privileges, sales, or use tax, in accordance with A.A.C. R14-2-409(D)(5) and A.A.C. R14-2-
13 608(D)(5), respectively.

14 IT IS FURTHER ORDERED that Palo Verde Utilities Company and Santa Cruz Water
15 Company are hereby authorized to issue up to \$4,110,501 and \$4,504,676, respectively, in equity to
16 fund the first phase of wastewater treatment and water utility development at Rancho El Dorado.

17 IT IS FURTHER ORDERED that the authorizations stated above shall be expressly
18 contingent upon Palo Verde Utilities Company and Santa Cruz Water Company using the financing
19 proceeds for the purposes set forth in their applications.

20 IT IS FURTHER ORDERED that Palo Verde Utilities Company and Santa Cruz Water
21 Company shall be authorized to engage in any transactions and to execute any documents necessary
22 to effectuate the transactions.

23 IT IS FURTHER ORDERED that the approval of the financings set forth hereinabove does
24 not constitute or imply approval or disapproval by the Commission of any particular expenditure of
25 the proceeds derived there by for purposes of establishing just and reasonable rates.

26 IT IS FURTHER ORDERED that Applicants shall maintain their books and records in
27 accordance with the NARUC Uniform System of Accounts.
28

1 ✓ IT IS FURTHER ORDERED that Palo Verde Utilities Company and Santa Cruz Water
2 Company shall file for rate review not later than 24 months after the date they first provide service to
3 any customers.

4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

6
7 *[Signature]* *[Signature]* *[Signature]*
8 CHAIRMAN COMMISSIONER COMMISSIONER
9

10 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
11 Secretary of the Arizona Corporation Commission, have
12 hereunto set my hand and caused the official seal of the
13 Commission to be affixed at the Capitol, in the City of Phoenix,
14 this 17th day of September, 1999.

15 *[Signature]*
16 BRIAN C. McNEIL
17 EXECUTIVE SECRETARY

18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100
101
102
103
104
105
106
107
108
109
110
111
112
113
114
115
116
117
118
119
120
121
122
123
124
125
126
127
128
129
130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172
173
174
175
176
177
178
179
180
181
182
183
184
185
186
187
188
189
190
191
192
193
194
195
196
197
198
199
200
201
202
203
204
205
206
207
208
209
210
211
212
213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240
241
242
243
244
245
246
247
248
249
250
251
252
253
254
255
256
257
258
259
260
261
262
263
264
265
266
267
268
269
270
271
272
273
274
275
276
277
278
279
280
281
282
283
284
285
286
287
288
289
290
291
292
293
294
295
296
297
298
299
300
301
302
303
304
305
306
307
308
309
310
311
312
313
314
315
316
317
318
319
320
321
322
323
324
325
326
327
328
329
330
331
332
333
334
335
336
337
338
339
340
341
342
343
344
345
346
347
348
349
350
351
352
353
354
355
356
357
358
359
360
361
362
363
364
365
366
367
368
369
370
371
372
373
374
375
376
377
378
379
380
381
382
383
384
385
386
387
388
389
390
391
392
393
394
395
396
397
398
399
400
401
402
403
404
405
406
407
408
409
410
411
412
413
414
415
416
417
418
419
420
421
422
423
424
425
426
427
428
429
430
431
432
433
434
435
436
437
438
439
440
441
442
443
444
445
446
447
448
449
450
451
452
453
454
455
456
457
458
459
460
461
462
463
464
465
466
467
468
469
470
471
472
473
474
475
476
477
478
479
480
481
482
483
484
485
486
487
488
489
490
491
492
493
494
495
496
497
498
499
500
501
502
503
504
505
506
507
508
509
510
511
512
513
514
515
516
517
518
519
520
521
522
523
524
525
526
527
528
529
530
531
532
533
534
535
536
537
538
539
540
541
542
543
544
545
546
547
548
549
550
551
552
553
554
555
556
557
558
559
560
561
562
563
564
565
566
567
568
569
570
571
572
573
574
575
576
577
578
579
580
581
582
583
584
585
586
587
588
589
590
591
592
593
594
595
596
597
598
599
600
601
602
603
604
605
606
607
608
609
610
611
612
613
614
615
616
617
618
619
620
621
622
623
624
625
626
627
628
629
630
631
632
633
634
635
636
637
638
639
640
641
642
643
644
645
646
647
648
649
650
651
652
653
654
655
656
657
658
659
660
661
662
663
664
665
666
667
668
669
670
671
672
673
674
675
676
677
678
679
680
681
682
683
684
685
686
687
688
689
690
691
692
693
694
695
696
697
698
699
700
701
702
703
704
705
706
707
708
709
710
711
712
713
714
715
716
717
718
719
720
721
722
723
724
725
726
727
728
729
730
731
732
733
734
735
736
737
738
739
740
741
742
743
744
745
746
747
748
749
750
751
752
753
754
755
756
757
758
759
760
761
762
763
764
765
766
767
768
769
770
771
772
773
774
775
776
777
778
779
780
781
782
783
784
785
786
787
788
789
790
791
792
793
794
795
796
797
798
799
800
801
802
803
804
805
806
807
808
809
810
811
812
813
814
815
816
817
818
819
820
821
822
823
824
825
826
827
828
829
830
831
832
833
834
835
836
837
838
839
840
841
842
843
844
845
846
847
848
849
850
851
852
853
854
855
856
857
858
859
860
861
862
863
864
865
866
867
868
869
870
871
872
873
874
875
876
877
878
879
880
881
882
883
884
885
886
887
888
889
890
891
892
893
894
895
896
897
898
899
900
901
902
903
904
905
906
907
908
909
910
911
912
913
914
915
916
917
918
919
920
921
922
923
924
925
926
927
928
929
930
931
932
933
934
935
936
937
938
939
940
941
942
943
944
945
946
947
948
949
950
951
952
953
954
955
956
957
958
959
960
961
962
963
964
965
966
967
968
969
970
971
972
973
974
975
976
977
978
979
980
981
982
983
984
985
986
987
988
989
990
991
992
993
994
995
996
997
998
999
1000

DISSENT
MES: bbs

1 SERVICE LIST FOR: PALO VERDE UTILITIES COMPANY AND SAN
2 CRUZ WATER COMPANY
3 DOCKET NO. SW-03575A-98-0327 AND W-03576A-98-0328
4 Jay L. Shapiro
5 FENNEMORE CRAIG
6 3003 North Central Avenue, Suite 2600
7 Phoenix, Arizona 85012-2913
8 Paul Bullis, Chief Counsel
9 Legal Division
10 ARIZONA CORPORATION COMMISSION
11 1200 West Washington Street
12 Phoenix, Arizona 85007
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

EXHIBIT A

**LEGAL DESCRIPTION
PALO VERDE UTILITIES COMPANY
AND SANTA CRUZ WATER COMPANY**

All of Sections 13 and 14, and that portion of Section 15 lying Easterly of the Westerly Right of Way
Line of Arizona State Route 347 (AKA: John Wayne Parkway), Township 4 South, Range 3 East,
Gila and Salt River Base and Meridian, Pinal County, Arizona.

Contains 1,640 acres, more or less.

WMG - 9

OFFICIAL
COPY

C. G. CONVENT NO. 1205-9
200.00.14

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (this "MOU") is entered into as of December 19, 2005 between Global Water Resources, LLC, a Delaware limited liability company ("Global"), and the City of Casa Grande, a municipal corporation ("City").

RECITALS

WHEREAS Global is engaged in the business of providing water, wastewater and reclaimed water infrastructure services both inside and outside the jurisdictional boundaries of the City;

WHEREAS Global is the owner of Santa Cruz Water Company, LLC ("SCW") and Palo Verde Utilities Company, LLC ("PVU") (collectively "Utility Companies") and provides utility services through these entities;

WHEREAS SCW and PVU are Arizona public service corporations defined in Article 15, Section 2, of the Arizona Constitution and, as such, are regulated by the Arizona Corporation Commission ("ACC"). SCW and PVU have been issued Certificates of Convenience and Necessity ("CC&N") by the ACC to provide water and waste water services (collectively the "Utility Services"), respectively in designated geographic areas within the State of Arizona;

WHEREAS the City is experiencing rapid growth, and in order to facilitate and manage further growth, the City wishes to strengthen its relationship with Global and its Utility Companies by working with them to generally improve the quality of Utility Services within the City;

WHEREAS the City intends to facilitate and manage further growth in accordance with its obligations under the Growing Smarter legislation and Growing Smarter Plus legislation enacted into law by the Arizona Legislature;

WHEREAS the City is in the process of annexing certain real property, as more fully described on Exhibit A hereto (the "Subject Territories") and, in connection therewith, the Parties desire to work closely and cooperate with each other to assist the orderly assimilation of these areas;

WHEREAS the City is supportive of Global's pending application to the ACC for expansion of its CC&N for Utility Services in the City's General Planning Area and the Parties acknowledge that the expansion of the CC&N over the Subject Territories may not be finalized until such time as the appropriate Arizona Department of Water Resources ("ADWR"), Arizona Department of Environmental Quality ("ADEQ") and Central Arizona Association of Governments ("CAAG") permits and approvals are in place and the Parties acknowledge that it will require cooperation and mutual support to achieve the necessary regulatory approvals;

WHEREAS the Parties wish to form a Public Private Partnership which will benefit both Parties and significantly enhance and streamline the manner in which the Parties currently work together;

WHEREAS the Parties believe such a Public Private Partnership currently represents the most cost-effective and efficient solution to the water and wastewater challenges facing the City's current and anticipated future residents;

WHEREAS the Parties believe that such a Public Private Partnership will result in the harmonization of rates within Global's service area, thereby mitigating customer confusion regarding rates and utility services;

WHEREAS the City seeks to increase its involvement in the water and wastewater business within its current municipal limits and its entire planning area;

WHEREAS the City seeks innovative revenue streams that maintain the City's long-term fiscal health and defray cost impacts that may occur in areas that are outside current municipal

limits but within its planning area;

WHEREAS the Parties acknowledge Global's commitment to the City to date, including Global's material capital expenditures, its expressed intent to be a contributing corporate citizen in the community, and its desire to have a positive working relationship with the City;

WHEREAS the Parties acknowledge the significant material capital expenditures and the consequent strong commitment that will be required by Global to meet the challenges created by the current rapid growth occurring within the City, and the anticipated continuing future growth;

WHEREAS the Parties acknowledge the universal importance of water and wastewater services to all governmental jurisdictions, the unique challenges faced by the City in meeting the needs of the development community, and the unprecedented growth the City is currently experiencing;

WHEREAS the Parties acknowledge that the following terms are not intended to limit or increase the legal responsibilities of the City nor the statutory requirements of Global or its Utility Companies;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Coordination and Communications. Staff of the City and Global shall meet on a regularly scheduled monthly basis, and more or less often as needed by mutual consent. City representatives at these meetings shall normally be the City Manager, the Public Works Director, and the Planning Director, and/or their designees. Global's representatives at these meeting shall normally be the President, the Chief Financial Officer and the Manager of Construction, or their designees. Other meetings with other representatives may be arranged as needed.

2. Annual Report to the City of Casa Grande. Global shall submit an Annual Report to the Mayor and City Council. This Annual Report shall normally be submitted by April 1st

each year, unless the Parties agree on a different date. The report shall include: Annual revenues and expenditures, total number of water and wastewater customers, customers added this past year, number of customers anticipated to be connected next year, water and wastewater facilities completed in preceding year, planned projects for the next year(s), and a copy of the annual report to the ACC. Global shall provide free of charge to the City copies of any annual reports Global provides to ADEQ and/or ADWR.

3. Proposed Rate and/or Fee Adjustments. Global shall submit proposed rate and/or fee adjustments to the Mayor and City Council for review and comment prior to submission to the ACC. Global shall allow the City thirty days for the Mayor and City Council to conduct a public hearing at the City's next properly noticeable regularly scheduled City Council meeting regarding the proposed rate and/or fee adjustment before submission to the ACC.

4. Operating/License Agreement and Fees. The parties shall enter into an operating/license agreement for utility services provided within the City's current and existing incorporated limits, and for utility services provided within Global's Planning Area (as set forth on Exhibit A attached hereto which relates to areas outside of the City's current and existing incorporated limits), with the understanding that the City will endeavor in good faith to promptly replace the operating/license agreement with a franchise agreement on or before October 15, 2007 in the event that the ACC Order provided for below has not been entered by April 14, 2006. Pursuant to the operating/license agreement, and subject to the earlier of (i) entry of a final order (the "ACC Order") by the Arizona Corporation Commission approving the fee provided for herein; or (ii) April 14, 2006, a fee of 3% of Gross Revenues as it relates to consumptive use of water and wastewater by residential and commercial customers within the existing incorporated limits of the City, the Subject Territories and in Global's Planning Area shall be paid by Global to the City of Casa Grande. If the ACC Order has not been entered by April 14, 2006 following diligent efforts (which the City will in good faith support and take reasonable steps to cause other interested parties to support), then the fee of 3% as provided for above shall be reduced to 2% with respect to the consumptive use of water and wastewater residential and commercial customers located outside the jurisdictional limits of the City but within Global's Planning Area; however, if any property located outside the City's jurisdictional limits becomes a part of the

City's jurisdictional limits through an annexation, then the fee shall automatically be increased from 2% to 3% for the annexed property on the date the annexation is effective. In the event the ACC declines to enter the ACC Order, the City will then proceed with a franchise election (at Global's cost) seeking approval of the fees provided for in this Section 5 and to grant Global a franchise in connection therewith for a term of 25 years. The franchise election shall take place on a date to be set by the City and shall occur no later than the earlier of 18 months following the ACC declining to enter the ACC Order or October 15, 2007. Upon the request of Global, the City agrees to continue to cause franchise elections to occur (at Global's cost) on at least an annual basis seeking approval of the franchise provided for herein. All of the foregoing payments shall be made on a quarterly basis. Gross Revenues shall include base fees, consumptive fees, and industrial and commercial reclaimed water sales but shall not include revenues as they arise from hook up fees, service connection fees, termination fees, reconnect or disconnect fees, late fees, NSF fees, account handling fees, or bulk service rate on the sale of construction water. The parties acknowledge that Global will seek the consent of the ACC to allow for inclusion of all fees described within this Section in the monthly consumptive billing of the utilities. The fees provided for in this Section 5 are flow through fees to PVU and SCW and are incremental to the rates currently set in place by the ACC; however, if the ACC does not approve these fees to be added to the monthly consumptive billings of the Utility Companies, Global shall pay the fees as an operating expense.

5. Financing Options. The City of Casa Grande and Global shall jointly explore potential financing options for Global to finance its projects within the City. If the City and Global agree to jointly finance a project, the Parties will enter into a separate agreement for each project.

6. Local Office. Global shall maintain an office at its Casa Grande headquarters facilities to be located at the Palo Verde South East Water Reclamation Campus or in an alternative location within Global's Planning Area until such time as sufficient customers are in place so as to warrant the office being in another location which will be established by Global with input from the City.

7. Conservation Efforts. The City will assist Global in promoting community and school water conservation programs. Assistance may include distribution of educational materials and access to making presentations at City and school functions.

8. Reclaimed Water and Reclamation Projects. The parties acknowledge the City's interest in long term access to reclaimed water. The parties further acknowledge Global Water's leadership in the field of water reuse in the region and the critical nature of reclaimed water to the Global Water business and regional conservation plan. Accordingly, Global Water agrees to use reasonable best commercial efforts to use and utilize reclaimed water in the region to the extent permissible under existing and future Arizona Department of Environmental Quality ("ADEQ") policy for all residential, commercial and industrial applications within Global's service area. The City and Global will explore water reclamation projects for parks and school playgrounds, and will encourage the development of light commercial and industrial uses of reclaimed water. Additionally, for that water which cannot be beneficially used within the service area, Global will either recharge for its benefit that certain volume of water or make that certain volume of water available to the City for recharge on a long term basis. If financially feasible, as determined in the sole discretion of the City, the City will install dual plumbing in all future City owned buildings serviced by Global such that reclaimed water can be used to flush toilets and serve other non-potable water demands, per Global's guidelines and State and Federal law. The City shall bear the cost of this infrastructure, and shall provide signage to announce the use of reclaimed water in all public places to assist with conservation and public education efforts.

9. Economic Development. The City and Global will explore possible joint efforts to support industrial and commercial uses in the City. Global will augment the City's economic development efforts with its corporate network wherever possible. The City and Global will explore co-funding of specific employment generating economic development initiatives and participate on economic development committee(s).

10. Land Use Planning and Water/Wastewater Planning. Global shall prepare an annual "Plan for Growth" for the City of Casa Grande's planning area. The City staff shall

provide input and comments on changing land use and density patterns to assist Global in this planning effort. Global shall submit its annual "Plan for Growth" report to the Mayor and City Council by April 1st, unless the Parties agree to a different date.

11. Fee. *Effective January 1, 2006* Global shall pay a voluntary fee totaling One Hundred Dollars (\$100.00) for each residential home connecting to Global's water and wastewater system within the jurisdictions of the City, as amended from time to time, or outside the jurisdictions of the City but within Global's Planning Area (attached hereto as Exhibit A). To the extent a home connects to only one service, the fee shall be reduced to fifty dollars (\$50.00). The fee will assist the City in defraying administrative costs for water and wastewater services, including regional planning. The fee shall be payable quarterly in arrears and will become due upon the connection of a water meter to an occupied residential dwelling by a homeowner.

12. Community Outreach. The City and Global shall work cooperatively to prepare, cost-share (in-kind services such as web hosting, graphic design, etc. is considered equitable to actual funds), and disseminate a community outreach packet. The community outreach packet will be a collaborative effort by multiple entities within the City, to be distributed to existing and new homeowners. Global will explore commitments to fund and conduct extensive water conservation programs and outreach education programs to promote water conservation in the community, schools, and public facilities. Global will explore co-sponsoring significant water reclamation demonstration projects. Global will support community events with bottled water and a presence at all major municipal functions and events.

13. Geographic Information System and Information Technology. The City and Global shall work collaboratively in developing and updating the City's Geographical Information System ("GIS"). This may include data sharing and/or integration, cost-sharing on GIS surveying, cost-sharing on a GIS Geodesic Marker, and other GIS related administrative items. The City and Global shall share and integrate SCADA systems, CCD Security Data and Vulnerability Preparedness, Emergency, Operations, and Rapid Response Plans, Broadband Wireless network sharing, and Internet Site Linking. The City and Global shall also explore opportunities for collaborative billing services.

14. Annexation. Global shall support the annexation efforts of the City. Global shall support the City's efforts to manage and coordinate development in Global's Planning Areas. Global will provide water and wastewater modeling services to determine the impact of proposed developments. Global will share and publish long-term master plans with the City and continuously update the plans so that the water and wastewater infrastructure is coordinated with the City's infrastructure plans.

15. Permits. The City will endeavor to streamline permit issuance, plan review, and related design and construction regulatory issues for Global. The City will endeavor to treat Global's permitting submissions as a priority and shall provide the highest priority review the City can produce in order to return permits promptly. The City will endeavor to assist and support Global's efforts to obtain CAAG 208, CC&N, ADEQ, ADWR and other regulatory approvals required within the Subject Territories. If the City cannot provide a prompt review of Global's permits or plans, Global shall have the option of reimbursing the City for any costs incurred by the City if the City, at Global's request, hires an outside consultant to expedite the review of Global's permits and plans. Any such consultants shall report directly to the City and take direction only therefrom.

16. Designated Management Area. The City and Global shall work together to facilitate the designation of the City of Casa Grande as a Designated Management Agency to implement and enforce the portions of the area wide Water Quality Management Plan within its designated area, which will be the City's current planning area, as illustrated by the City of Casa Grande General Plan.

17. Joint Actions and Conditions. In order to effectuate this MOU, and in addition to the actions otherwise set forth herein which shall in good faith be pursued by the parties hereto, the parties shall undertake (or the parties shall support one another in taking) the following actions in good faith:

- a. ACC approval of SCW and PVU's proposed expansion of the CC&N over Global's Planning Area;
- b. Execution and approval of an operating/license agreement with the City for Utility Services provided within the City's current and existing jurisdictional boundary and for Utility Services provided outside the City's current and existing jurisdictional boundary but within Global's Planning Area;
- c. ACC approval of the operating/license agreement described in Section 5 and Section 19(b) above;
- d. ACC approval of Global's request for inclusion of all fees set forth in Section 5 above in the monthly consumptive billings of the Utility Companies.
- e. If necessary, the franchise election provided for in Section 5 above.

18. Effective Date. Except as otherwise set forth herein, the obligation of the parties pursuant to this MOU shall commence thirty days after approval of said MOU by the Casa Grande City Council.

19. Entire Agreement. This MOU contains the entire agreement between the parties hereto and supersedes all previous communications, representations or agreements, written or verbal, with respect to its subject matter.

20. Construction. This MOU shall be construed in accordance with the laws of the State of Arizona.

21. Modification or Amendment. This MOU may not be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by the all parties hereto.

22. Jurisdiction, Venue and Attorneys' Fees and Costs. Subject to the provisions of this MOU, the prevailing party in any arbitration, proceeding, lawsuit, appeal or other proceeding brought to enforce or otherwise implement the terms and conditions of this MOU shall be entitled to an award of attorneys' fees and costs from the losing party. Jurisdiction and venue shall be in Pinal County, Arizona.

23. Mediation/Arbitration. In the event that any dispute arises between the parties to this MOU, the parties first shall attempt to find a neutral person, who is mutually acceptable to both parties, and who has experience in matters such as those provided for in this MOU, and request that person to mediate the dispute. In the event that such mediation is not undertaken or successfully concluded within 45 days after the dispute arises, the parties to any such dispute shall submit the dispute to binding arbitration in accordance with the rules of commercial arbitration ("Rules") for the American Arbitration Association ("AAA"). If the claim in the dispute involves a non-monetary default or breach or does not exceed One Hundred Thousand Dollars (\$100,000), there shall be a single arbitrator selected by mutual agreement of the Parties, and in the absence of agreement, appointed according to the Rules. If the claim in the dispute, exceeds One Hundred Thousand Dollars (\$100,000), the arbitration panel shall consist of three (3) arbitrators, one of whom shall be selected by each party and the third, who shall serve as chairman, shall be selected by the AAA. The arbitrator or arbitrators must be knowledgeable in the subject matter of the dispute. The costs and fees of the arbitrator(s) shall be divided equally among the parties. Any decision of the arbitrator(s) shall be supported by written findings of fact and conclusions of law. The decision of the arbitrator(s) shall be final, subject to the exceptions outlined in the Arizona Uniform Arbitration Act, A.R.S. § 12-1502, et seq., and judgment may be entered upon the same. The arbitrator(s) shall control discovery in the proceedings and shall award the prevailing party its reasonable attorneys' fees and costs. Any arbitration arising from this MOU shall occur within Pinal County, or at any other location mutually agreed to by the Parties.

24. Assignment. The terms and conditions of this MOU shall bind and inure to the benefit of the parties hereto and their successors and assigns and legal representatives. Neither Party shall be allowed to assign this MOU without the express written consent of the other Party.

25. Waiver. Any waiver of any provision of this MOU shall not constitute a waiver of any other provision, whether or not similar, nor shall any waiver be a continuing waiver. A party may waive any provision of this MOU intended for its benefit; provided, however, that such waiver shall in no way excuse the other parties from the performance of any of their other obligations under this MOU.

26. Section Headings. The section headings used herein are for reference only and shall not enter into the interpretation hereof.

27. Relationship of Parties. Nothing contained in this MOU shall be deemed or construed to create the relationship of principal and agent or of limited or general partnership or of joint venture or of any other association between the City and Global.

28. Notices. Any notices given pursuant to this MOU shall be in writing and shall be personally delivered or deposited in the United States mail, certified mail, postage prepaid, return receipt requested, to a party hereunder. Notices shall be deemed given and received when personally delivered or three (3) days after deposit in the United States mail to the address set forth below such party's signature.

///

///

///

///

///

///

///

///

///

///

///

29. Time of Essence. Time is of the essence for all purposes of this MOU.

30. Conflict of Interest. This Agreement is subject to the conflict of interest provisions set forth in A.R.S. § 38-511.

IN WITNESS WHEREOF, each of the parties has executed this MOU as of the date first above written.

CITY OF CASA GRANDE

GLOBAL WATER RESOURCES, LLC

By: _____

By: _____

Title: _____

Title: _____

Address: _____

Address: _____

510 E. Florence Blvd.
CASA GRANDE, AZ
85222

22601 N. 19TH AVE
PHOENIX, AZ, 85024

ATTEST:

By: _____

City Clerk

APPROVED AS TO FORM:

City Attorney

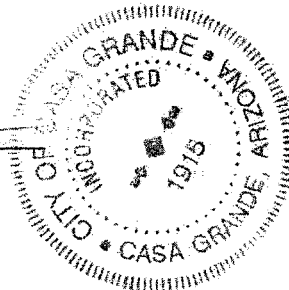
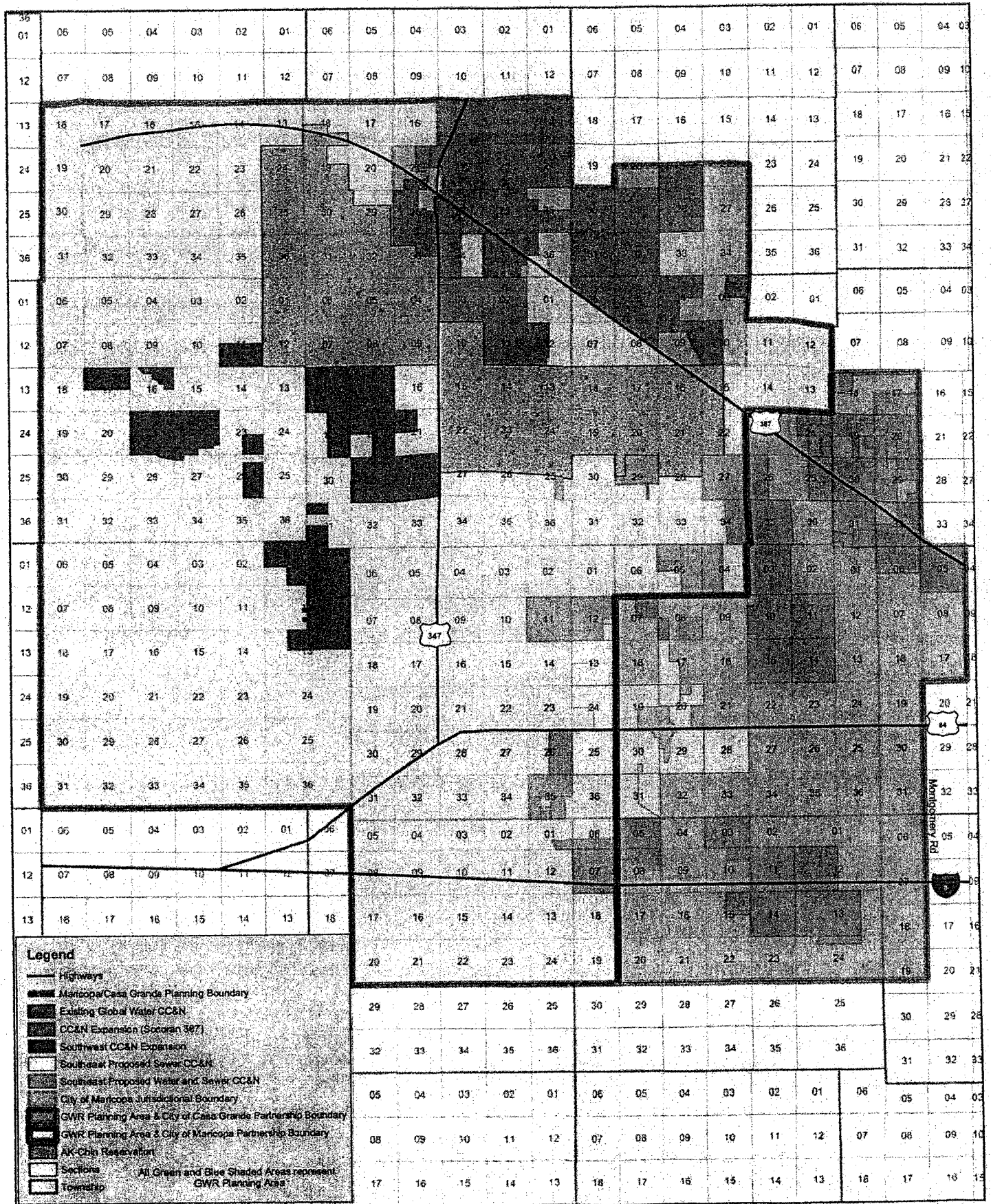


EXHIBIT A

Exhibit A - Subject Territories





23 May 2006

Della M. Carlyle, Chairman
Ak-Chin Indian Community
Community Government
42507 W. Peters & Nall Road
Maricopa, AZ 85239

Re: Letter of Understanding
Palo Verde Utilities Company (PVUC) Consolidated 208 Regional Water Quality
Management Plan Amendment

Dear Chairman Carlyle:

Palo Verde Utilities Company (PVUC) and its parent Global Water Resources (Global) have been responding to significant growth pressure in the areas around the Cities of Maricopa and Casa Grande, and the Ak-Chin Indian Community (Community). For Global, the pressure to stay ahead of the growth in terms of infrastructure is intense; the consequences of not being ahead in planning, however, are dire.

It was under these circumstances that Global in 2004 began preparing the regional plan for water, wastewater and reclaimed water services. This plan came to be known as the "Consolidated 208 Plan" and provides a responsible, responsive and flexible approach to environmental sustainability in the region. Included in this Consolidated 208 Plan was the provision for re-use, recharge and discharges to washes in the area. Any discharges to Waters of the United States would be permitted by ADEQ under the Arizona Pollutant Discharge Elimination System (AZPDES) program.

Notwithstanding the operational benefits of an "emergency valve" to allow for the delivery of Class A+ Reclaimed Water to Waters of the US in times of prolonged decline in re-use consumption, or the fact that the reclaimed water proposed to be discharged can be scientifically demonstrated to be of better and more consistent quality than storm water, the Community has indicated that the cultural and environmental aspects of the washes simply outweigh any potential operational benefit afforded PVUC.

Accordingly, Global and PVUC are willing to remove the development of proposed new AZPDES discharge points upstream of the Ak-Chin Community in the Vekol, Santa Rosa, Smith and Santa Cruz washes, including their tributaries and the Santa Rosa Canal that could result in an impact or flow through the sovereign land of the Ak-Chin Community. It is understood and acknowledged that this decision comes with costs with respect to the deployment of recharge and re-use infrastructure and associated operating costs.

Recognizing the importance of the development of a continued working relationship between Global and the Community, the Community's commitment to protect and preserve its cultural, environmental and natural resources, and Global's objective of responding to growth in the area in a planned and managed manner, Global and PVUC agree to:

21410 North 19th Avenue, Suite 201, Phoenix, Arizona 85027

Phn: 602.580.9600

Fax: 602.580.9639

gwresources.com

1. Amend and re-submit to CAAG the Consolidated 208 Plan and stipulate on the record during the May 24, 2006 Pinal County Board of Supervisor's hearing on case IUP-001-06 to withdraw the upstream discharge points that include the Vekol, Santa Rosa, Smith and Santa Cruz washes, including their tributaries and the Santa Rosa Canal that could result in an impact or flow through the sovereign land of the Ak-Chin Indian Community;
2. Deploy the necessary re-use and recharge infrastructure to preclude a requirement for such discharges to the Waters of the US;
3. Work with the Community to preserve aquifer water quality for the region and provide monitoring and compliance data as agreed to by Global and the Community such data as it relates to recharge activity and water quality and provide for the opportunity to review applications, reports and other relevant regulatory filings;
4. Consult with the Community in connection with Global's water, wastewater, and reclaimed water regional planning activities; and
5. Reiterate the offer to the Community to assist in providing water, wastewater and reclaimed water services as deemed appropriate and agreed to by Global and the Community.

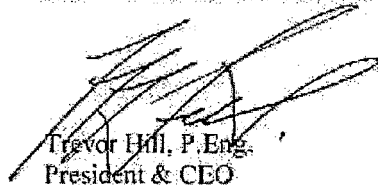
The Community:

1. Recognizes the benefit of Global's re-use and recharge initiatives and offers no objections to the Consolidated 208 Plan (as amended pursuant to this document) including those permits or authorities required to implement the Plan (recharge/re-use permits, aquifer protection permits, underground storage facility permits, recovery permits, industrial use permits and other applicable permits); and
2. Recognizes the benefit of Global's re-use and recharge initiatives and offers no objections to the PVUC Industrial Use Permit application presently under review by Pinal County.

This document provides the framework that allows for the conservation of water resources in the area, the development of the area under a sustainable and managed model and the protection of the area's cultural heritage. As such, it represents a great starting point for further and future cooperation.

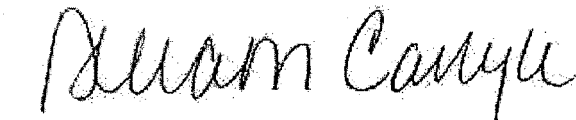
Sincerely,

GLOBAL WATER RESOURCES
PALO VERDE UTILITIES COMPANY



Trevor Hill, P.Eng.
President & CEO

AK-CHIN INDIAN COMMUNITY COUNCIL



Delia M. Carlyle
Chairman, Ak-Chin Indian Community

cc:

Ak-Chin Indian Community Council Members
William R. Rhodes, Governor, Gila River Indian Community (GRIC)
Vivian Juan-Saunders, Chairwoman, Tohono O'odham Nation (TON)
Joni Ramey, President, Salt River Pima-Maricopa Indian Community (SRPMIC)
Raphael Bear, President, Ft. McDowell Yavapai Nation
Janet Napolitano, Governor, State of Arizona
Congressman Raul M. Grijalva, 7th District, Arizona
Vera Phillips, Commission of Indian Affairs
John Lewis, Executive Director, Inter Tribal Council of Arizona, Inc.
Wayne Nastri, Regional Administrator, U.S. Environmental Protection Agency (U.S. EPA), Region IX
Kristin Gullat, Manager, Tribal Office, Water Division, U.S. EPA, Region IX
Clancy Tenley, Manager, Tribal Programs Office, Communities & Ecosystems Division, U.S. EPA, Region IX
Loretta Vargas, Project Officer, Water Division, U.S. EPA, Region IX
Doug Fiberhardt, NPDES Manager, U.S. EPA, Region IX
Dave W. Smith, IMDL Coordinator, U.S. EPA, Region IX
Amy Heuslin, Bureau of Indian Affairs (BIA)
Cecilia Martinez, Acting Superintendent, Pima Agency, BIA
Chairman and Commissioners, Arizona Corporation Commission
Stephen A. Owens, Director, Arizona Department of Environmental Quality (ADEQ)
Herb Guenther, Director, Arizona Department of Water Resources
Joan Card, Division Director, Water Quality, ADEQ
Linda Taint, Deputy Director, Water Quality, ADEQ
Dave Snider, Supervisor, Pinal County, District 3
Kelly Anderson, Mayor, City of Maricopa
Charles Walton, Mayor, City of Casa Grande
James Thompson, City Manager, City of Casa Grande
Rick Buss, City Manager, City of Maricopa
Terry Doolittle, County Manager, Pinal County
Maxine Leather, Executive Director, Central Arizona Association of Governments
Ak-Chin Indian Community Task Force Committee

Verna Colwell

From: Verna Colwell
Sent: Monday, July 23, 2007 1:36 PM
To: 'ktrumpower@kellerrohrback.com'
Subject: Gevity HR v. Clear Choice
Importance: High
Attachments: 2761_001.pdf

Karen, attached is Darren Dierich's Answer to the Complaint. Please let me know if I can be of any further assistance.

Verna Colwell
Legal Assistant to John E. DeWulf, Esq.
and Jeffrey D. Gardner, Esq.
Roshka DeWulf & Patten, PLC
One Arizona Center
400 East Van Buren, Suite 800
Phoenix, Arizona 85004
Phone: 602.256.6100
Fax: 602.256.6800
E-mail: vcowell@rdp-law.com

For more information about Roshka DeWulf & Patten, please see our website at www.rdp-law.com.

This message and any of the attached documents contain information from the law firm of Roshka DeWulf and Patten, PLC and may be confidential and/or privileged. If you are not the intended recipient, you may not read, copy, distribute or use this information and no privilege has been waived by your inadvertent receipt. If you have received this transmission in error, please notify the sender by reply e-mail and then delete this message. Thank you.

7/23/2007

WMG - 10

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (this "MOU") is entered into as of December 6, 2005 between Global Water Resources, LLC, a Delaware limited liability company ("Global"), and the City of Maricopa, a municipal corporation ("City").

RECITALS

WHEREAS Global is engaged in the business of providing water, wastewater and reclaimed water infrastructure services both inside and outside the jurisdictional boundaries of the City;

WHEREAS Global is the owner of Santa Cruz Water Company, LLC ("SCW") and Palo Verde Utilities Company, LLC ("PVU") (collectively "Utility Companies") and provides utility services through these entities;

WHEREAS SCW and PVU are Arizona public service corporations defined in Article 15, Section 2, of the Arizona Constitution and, as such, are regulated by the Arizona Corporation Commission ("ACC"). SCW and PVU have been issued Certificates of Convenience and Necessity ("CC&N") by the ACC to provide water and waste water services (collectively the "Utility Services"), respectively in designated geographic areas within the State of Arizona;

WHEREAS the City is experiencing rapid growth, and in order to facilitate and manage further growth, the City wishes to strengthen its relationship with Global and its Utility Companies by working with them to generally improve the quality of Utility Services within the City;

WHEREAS the City intends to facilitate and manage further growth in accordance with its obligations under the Growing Smarter legislation and Growing Smarter Plus legislation enacted into law by the Arizona Legislature;

WHEREAS the City is in the process of annexing certain real property, as more fully

described on Exhibit A hereto (the "Subject Territories") and, in connection therewith, the Parties desire to work closely and cooperate with each other to assist the orderly assimilation of these areas;

WHEREAS the City is supportive of Global's pending application to the ACC for expansion of its CC&N for Utility Services in the areas formerly known as the 387 District Areas and the Parties acknowledge that the expansion of the CC&N over the Subject Territories may not be finalized until such time as the appropriate Arizona Department of Water Resources ("ADWR"), Arizona Department of Environmental Quality ("ADEQ") and Central Arizona Association of Governments ("CAAG") permits and approvals are in place and the Parties acknowledge that it will require cooperation and mutual support to achieve the necessary regulatory approvals;

WHEREAS the Parties wish to form a Public Private Partnership which will benefit both Parties and significantly enhance and streamline the manner in which the Parties currently work together;

WHEREAS the Parties believe such a Public Private Partnership currently represents the most cost-effective and efficient solution to the water and wastewater challenges facing the City's current and anticipated future residents;

WHEREAS the Parties believe that such a Public Private Partnership will result in the harmonization of rates within Global's service area, thereby mitigating customer confusion regarding rates and utility services;

WHEREAS the City seeks to increase its involvement in the water and wastewater business within its current municipal limits and its entire planning area;

WHEREAS the City seeks innovative revenue streams that maintain the City's long-term fiscal health and defray cost impacts that may occur in areas that are outside current municipal limits but within its planning area;

WHEREAS the Parties acknowledge Global's commitment to the City to date, including

Global's material capital expenditures, its expressed intent to be a contributing corporate citizen in the community, and its desire to have a positive working relationship with the City;

WHEREAS the Parties acknowledge the significant material capital expenditures and the consequent strong commitment that will be required by Global to meet the challenges created by the current rapid growth occurring within the City, and the anticipated continuing future growth;

WHEREAS the Parties acknowledge the universal importance of water and wastewater services to all governmental jurisdictions, the unique challenges faced by the City in meeting the needs of the development community, and the unprecedented growth the City is currently experiencing;

WHEREAS the Parties acknowledge that the following terms are not intended to limit or increase the legal responsibilities of the City nor the statutory requirements of Global or its Utility Companies;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Acquisition of the Assets of Sonoran Utilities Services LLC. The City of Maricopa will support the acquisition of the assets of Sonoran Utilities Services LLC by Global, the dissolution of the 387 Districts, and Global's submission to the ACC to acquire the CC&Ns required to provide the Utility Services in the areas formerly known as the 387 District Area, and in the future use of the assets and/or rights acquired from Sonoran with respect to those areas within Global's Planning Area as more particularly described on Exhibit C attached hereto and incorporated herein by this reference.

2. Coordination and Communications. Staff of the City and Global shall meet on a regularly scheduled monthly basis, and more or less often as needed by mutual consent. City representatives at these meetings shall normally be the City Manager, the Public Works Director, and the Planning Director, and/or their designees. Global's representatives at these meeting shall normally be the President, the Chief Financial Officer and the Manager of Construction, or their designees. Other meetings with other representatives may be arranged as needed.

3. Annual Report to the City of Maricopa. Global shall submit an Annual Report to the Mayor and City Council. This Annual Report shall normally be submitted by April 1st each year, unless the Parties agree on a different date. The report shall include: Annual revenues and expenditures, total number of water and wastewater customers, customers added this past year, number of customers anticipated to be connected next year, water and wastewater facilities completed in preceding year, planned projects for the next year(s), and a copy of the annual report to the ACC. Global shall provide free of charge to the City copies of any annual reports Global provides to ADEQ and/or ADWR.

4. Proposed Rate and/or Fee Adjustments. Global shall submit proposed rate and/or fee adjustments to the Mayor and City Council for review and comment prior to submission to the ACC. Global shall allow the City thirty days for the Mayor and City Council to conduct a public hearing at the City's next regularly scheduled City Council meeting regarding the proposed rate and/or fee adjustment before submission to the ACC.

5. Operating/License Agreement and Fees. The parties shall enter into an operating/license agreement for utility services provided within the City's current and existing incorporated limits, and for utility services provided within Global's Planning Area (as set forth on Exhibit C attached hereto which relates to areas outside of the City's current and existing incorporated limits), with the understanding that the City will endeavor in good faith to promptly replace the operating/license agreement with a franchise agreement on or before October 15, 2007 in the event that the ACC Order provided for below has not been entered by April 14, 2006. Pursuant to the operating/license agreement, and subject to the earlier of (i) entry of a final order (the "ACC Order") by the Arizona Corporation Commission approving the fee provided for herein; or (ii) April 14, 2006, a fee of 3% of Gross Revenues as it relates to consumptive use of water and wastewater by residential and commercial customers within the existing incorporated limits of the City, the Subject Territories and in Global's Planning Area shall be paid by Global to the City of Maricopa. If the ACC Order has not been entered by April 14, 2006 following diligent efforts (which the City will in good faith support and take reasonable steps to cause other interested parties to support), then the fee of 3% as provided for above shall be reduced to 2% with respect to the consumptive use of water and wastewater residential and commercial customers located outside the jurisdictional limits of the City but within Global's Planning Area;

however, if any property located outside the City's jurisdictional limits becomes a part of the City's jurisdictional limits through an annexation, then the fee shall automatically be increased from 2% to 3% for the annexed property on the date the annexation is effective. In the event the ACC declines to enter the ACC Order, the City will then proceed with a franchise election (at Global's cost) seeking approval of the fees provided for in this Section 5 and to grant Global a franchise in connection therewith for a term of 25 years. The franchise election shall take place on a date to be set by the City and shall occur no later than the earlier of 18 months following the ACC declining to enter the ACC Order or October 15, 2007. Upon the request of Global, the City agrees to continue to cause franchise elections to occur (at Global's cost) on at least an annual basis seeking approval of the franchise provided for herein. All of the foregoing payments shall be made on a quarterly basis. Gross Revenues shall include base fees, consumptive fees, and industrial and commercial reclaimed water sales but shall not include revenues as they arise from hook up fees, service connection fees, termination fees, reconnect or disconnect fees, late fees, NSF fees, account handling fees, or bulk service rate on the sale of construction water. The parties acknowledge that Global will seek the consent of the ACC to allow for inclusion of all fees described within this Section in the monthly consumptive billing of the utilities. The fees provided for in this Section 5 are flow through fees to PVU and SCW and are incremental to the rates currently set in place by the ACC; however, if the ACC does not approve these fees to be added to the monthly consumptive billings of the Utility Companies, Global shall pay the fees as an operating expense.

6. Financing Options. The City of Maricopa shall explore potential financing options for Global to finance its projects within the City. Global and City will commit to jointly funding the formation of the necessary structures required to access Industrial Development Authority finances. If the City and Global agree to jointly finance a project, the Parties will enter into a separate agreement for each project.

7. Local Office. Global shall maintain an office at the City of Maricopa's new City Hall primarily for customer service or in the alternative at its Maricopa headquarters facilities to be located at the Palo Verde Water Reclamation Campus. Global will make this decision with input from the City. If Global elects to maintain an office at the new City Hall, the Parties will enter into a separate lease agreement for that office.

8. Conservation Efforts. The City will assist Global in promoting community and school water conservation programs. Assistance may include distribution of educational materials and access to making presentations at City and school functions.

9. Reclamation Projects. The City and Global will explore water reclamation projects for parks and school playgrounds, and will encourage the development of light commercial and industrial uses of reclaimed water. If financially feasible, as determined by the City, the City will install dual plumbing in all future City owned buildings such that reclaimed water can be used to flush toilets and serve other non-potable water demands, per Global's guidelines and State and Federal law. The City shall bear the cost of this infrastructure, and shall provide signage to announce the use of reclaimed water in all public places to assist with conservation and public education efforts.

10. Economic Development. The City and Global will explore possible joint efforts to support industrial and commercial uses in the City. Global will augment the City's economic development efforts with its corporate network wherever possible. The City and Global will explore co-funding of specific employment generating economic development initiatives and participate on economic development committee(s).

11. Land Use Planning and Water/Wastewater Planning. Global shall prepare an annual "Plan for Growth" for the City of Maricopa's planning area. The City staff shall provide input and comments on changing land use and density patterns to assist Global in this planning effort. Global shall submit its annual "Plan for Growth" report to the Mayor and City Council by April 1st, unless the Parties agree to a different date.

12. Fee. *Effective January 1, 2006* Global shall pay a voluntary fee totaling Fifty Dollars (\$50.00) for each residential home connecting to Global's water and wastewater system within the jurisdictional limits of the City, as amended from time to time. The fee will assist the City in defraying administrative costs for water and wastewater services. The voluntary fee shall be increased to One Hundred Dollars (\$100.00) for all other areas within Global's Planning Area (attached hereto as Exhibit C, exclusive of the Ak-Chin Indian Reservation). The fee shall be payable quarterly in arrears and will become due upon the connection of a water meter to an occupied residential dwelling by a homeowner.

13. Community Outreach. The City and Global shall work cooperatively to prepare, cost-share (in-kind services such as web hosting, graphic design, etc. is considered equitable to actual funds), and disseminate a community outreach packet. The community outreach packet will be a collaborative effort by multiple entities within the City, to be distributed to existing and new homeowners. Global will explore commitments to fund and conduct extensive water conservation programs and outreach education programs to promote water conservation in the community, schools, and public facilities. Global will explore co-sponsoring significant water reclamation demonstration projects. Global will support community events with bottled water and a presence at all major municipal functions and events.

14. Geographic Information System and Information Technology. The City and Global shall work collaboratively in developing and updating the City's Geographical Information System ("GIS"). This may include data sharing and/or integration, cost-sharing on GIS surveying, cost-sharing on a GIS Geodesic Marker, and other GIS related administrative items. The City and Global shall share and integrate SCADA systems, CCD Security Data and Vulnerability Preparedness, Emergency, Operations, and Rapid Response Plans, Broadband Wireless network sharing, and Internet Site Linking. The City and Global shall also explore opportunities for collaborative billing services.

15. Annexation. Global shall support the annexation efforts of the City. Global shall support the City's efforts to manage and coordinate development in Global's Planning Areas. Global will provide water and wastewater modeling services to determine the impact of proposed developments. Global will share and publish long-term master plans with the City and continuously update the plans so that the water and wastewater infrastructure is coordinated with the City's infrastructure plans.

16. Permits. The City will endeavor to streamline permit issuance, plan review, and related design and construction regulatory issues for Global. The City will endeavor to treat Global's permitting submissions as a priority and shall provide the highest priority review the City can produce in order to return permits promptly. The City will endeavor to assist and support Global's efforts to obtain CAAG 208, CC&N, ADEQ, ADWR and other regulatory approvals required within the Subject Territories. If the City cannot provide a prompt review of

Global's permits or plans, Global shall have the option of reimbursing the City for any costs incurred by the City if the City, at Global's request, hires an outside consultant to expedite the review of Global's permits and plans.

17. Maricopa Domestic Water District. The City and Global will consider and cooperate in achieving operational integration efforts and the potential sale of water to Global by the Maricopa Domestic Water District.

18. Designated Management Area. The City and Global shall work together to facilitate the designation of the City of Maricopa as a Designated Management Agency to implement and enforce the portions of the area wide Water Quality Management Plan within its designated area, which will be the City's current planning area, as illustrated by the City of Maricopa General Plan.

19. Joint Actions and Conditions. In order to effectuate this MOU, and in addition to the actions otherwise set forth herein which shall in good faith be pursued by the parties hereto, the parties shall undertake (or the parties shall support one another in taking) the following actions in good faith:

- a. ACC approval of SCW and PVU's proposed expansion of the CC&N over Global's Planning Area;
- b. Execution and approval of an operating/license agreement with the City for Utility Services provided within the City's current and existing jurisdictional boundary and for Utility Services provided outside the City's current and existing jurisdictional boundary but within Global's Planning Area;
- c. ACC approval of the operating/license agreement described in Section 5 and Section 19(b) above;
- d. ACC approval of Global's request for inclusion of all fees set forth in Section 5 above in the monthly consumptive billings of the Utility Companies.

e. If necessary, the franchise election provided for in Section 5 above.

20. Effective Date. Except as otherwise set forth herein, the obligation of the parties pursuant to this MOU shall commence thirty days after approval of said MOU by the Maricopa City Council.

21. Entire Agreement. This MOU contains the entire agreement between the parties hereto and supersedes all previous communications, representations or agreements, written or verbal, with respect to its subject matter.

22. Construction. This MOU shall be construed in accordance with the laws of the State of Arizona.

23. Modification or Amendment. This MOU may not be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by the all parties hereto.

24. Jurisdiction, Venue and Attorneys' Fees and Costs. Subject to the provisions of this MOU, the prevailing party in any arbitration, proceeding, lawsuit, appeal or other proceeding brought to enforce or otherwise implement the terms and conditions of this MOU shall be entitled to an award of attorneys' fees and costs from the losing party. Jurisdiction and venue shall be in Pinal County, Arizona.

25. Mediation/Arbitration. In the event that any dispute arises between the parties to this MOU, the parties first shall attempt to find a neutral person, who is mutually acceptable to both parties, and who has experience in matters such as those provided for in this MOU, and request that person to mediate the dispute. In the event that such mediation is not undertaken or successfully concluded within 45 days after the dispute arises, the parties to any such dispute shall submit the dispute to binding arbitration in accordance with the rules of commercial arbitration ("Rules") for the American Arbitration Association ("AAA"). If the claim in the dispute involves a non-monetary default or breach or does not exceed One Hundred Thousand Dollars (\$100,000), there shall be a single arbitrator selected by mutual agreement of the Parties, and in the absence of agreement, appointed according to the Rules. If the claim in the dispute,

exceeds One Hundred Thousand Dollars (\$100,000), the arbitration panel shall consist of three (3) arbitrators, one of whom shall be selected by each party and the third, who shall serve as chairman, shall be selected by the AAA. The arbitrator or arbitrators must be knowledgeable in the subject matter of the dispute. The costs and fees of the arbitrator(s) shall be divided equally among the parties. Any decision of the arbitrator(s) shall be supported by written findings of fact and conclusions of law. The decision of the arbitrator(s) shall be final, subject to the exceptions outlined in the Arizona Uniform Arbitration Act, A.R.S. § 12-1502, et seq., and judgment may be entered upon the same. The arbitrator(s) shall control discovery in the proceedings and shall award the prevailing party its reasonable attorneys' fees and costs. Any arbitration arising from this MOU shall occur within Pinal County, or at any other location mutually agreed to by the Parties.

26. Assignment. The terms and conditions of this MOU shall bind and inure to the benefit of the parties hereto and their successors and assigns and legal representatives. Neither Party shall be allowed to assign this MOU without the express written consent of the other Party.

27. Waiver. Any waiver of any provision of this MOU shall not constitute a waiver of any other provision, whether or not similar, nor shall any waiver be a continuing waiver. A party may waive any provision of this MOU intended for its benefit; provided, however, that such waiver shall in no way excuse the other parties from the performance of any of their other obligations under this MOU.

28. Section Headings. The section headings used herein are for reference only and shall not enter into the interpretation hereof.

29. Relationship of Parties. Nothing contained in this MOU shall be deemed or construed to create the relationship of principal and agent or of limited or general partnership or of joint venture or of any other association between the City and Global.

30. Notices. Any notices given pursuant to this MOU shall be in writing and shall be personally delivered or deposited in the United States mail, certified mail, postage prepaid, return receipt requested, to a party hereunder. Notices shall be deemed given and received when

personally delivered or three (3) days after deposit in the United States mail to the address set forth below such party's signature.

31. Time of Essence. Time is of the essence for all purposes of this MOU.

32. Conflict of Interest. This Agreement is subject to the conflict of interest provisions set forth in A.R.S. § 38-511.

IN WITNESS WHEREOF, each of the parties has executed this MOU as of the date first above written.

CITY OF MARICOPA

GLOBAL WATER RESOURCES, LLC

By:  _____

By:  _____

Title: Mayor _____

Title: PRESIDENT & CEO _____

Address: _____

Address: 2201 N. 19TH AVE, Suite 210
PHOENIX, AZ 85027

ATTEST:

By:  _____

City Clerk

APPROVED AS TO FORM:

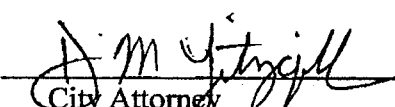
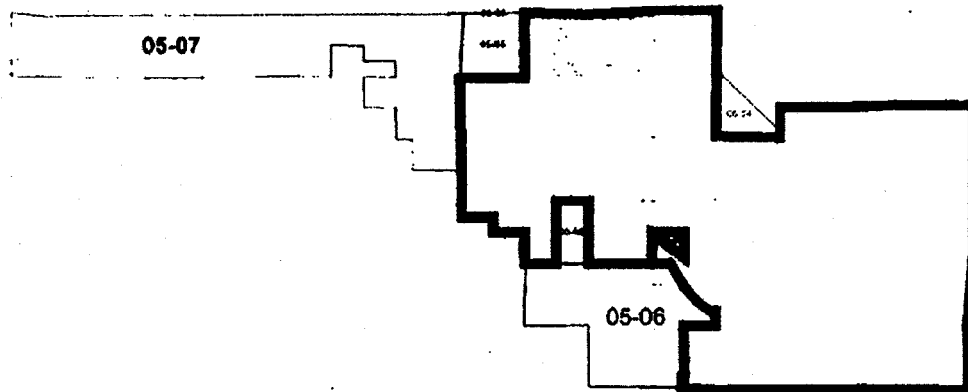
 _____
City Attorney

EXHIBIT A- SUBJECT TERRITORIES *(As defined in this MOU includes the current jurisdictional limits for the City of Maricopa and the Annexation Petitions that are currently pending with the City of Maricopa)*



Legend









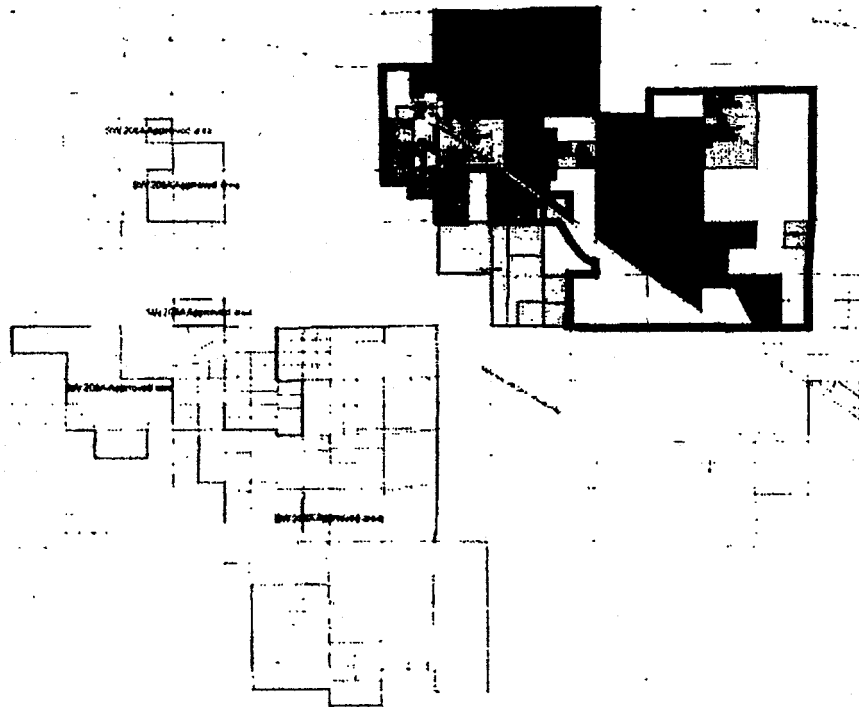
	City Limits		Annex 05-07
	Gila River Reservation		Annex 05-04
	Maricopa (Ak-Chin) Reservation		Annex 05-05
			Annex 05-06

EXHIBIT B – GLOBAL SERVICE AREA



Legend






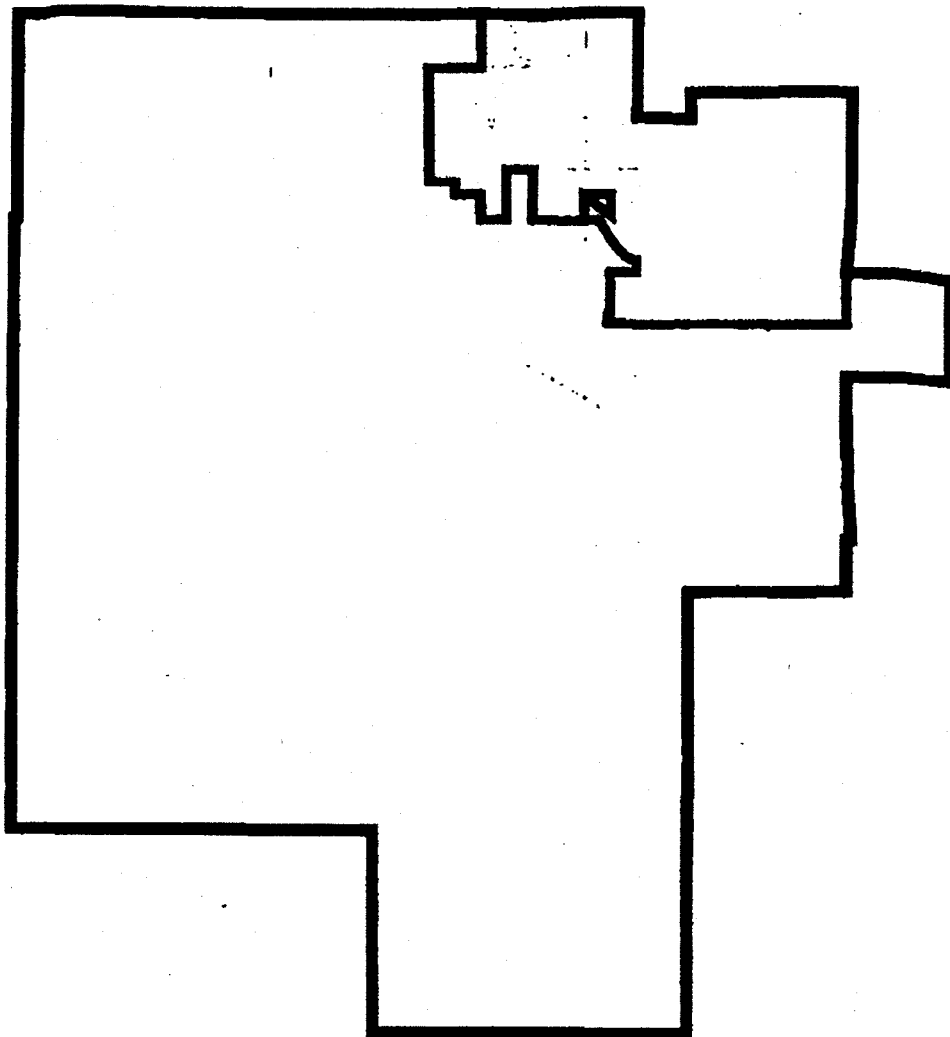
	City Limits		Global_Water	Gila River Reservation
	SW208_Approved			Maricopa (Ak-Chin) Reservation
	Sonoran 387 acquisition			

EXHIBIT C – GLOBAL'S PLANNING AREA



Legend



City Limits

Planning

Gila River Reservation

Maricopa (Ak-Chin) Reservation

WMG - 11

Quarterly MOU Payments to City of Maricopa

Date	Check #	Amount	Period Covered
8/9/2006	4797	\$ 96,534.17	2nd Qtr 2006
11/9/2006	6420	\$ 139,075.68	3rd Qtr 2006
1/17/2007	8190	\$ 77,667.97	4th Qtr 2006
4/20/2007	10491	\$ 106,264.09	1st Qtr 2007
7/13/2007	14722	\$ 96,816.69	2nd Qtr 2007
Total:		\$ 516,358.60	

Note: All checks written by Global Water Resources, LLC

WMG - 12



GLOBAL WATER
RELIABLE • RENEWABLE • REUSABLE

Current ICFA's within the Maricopa/Casa Grande Region

